



The US and UK
'The very idea of a special relationship is evangelical, not to say wishful'



Watershed week
'A new generation strengthened its grip on the creative capital of the fashion industry'

FT

FINANCIAL TIMES

MARCH 14/MARCH 15 1998



Holy grape
'Probably the beefiest non-Italian Nebbiolos made today come from Argentina'



Forbidding city
'Visiting Venice is a foretaste of heaven, but living there is an earthly - or watery - undertaking'

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<http://www.ft.com>

Japan pumps \$14bn into bigger banks

Top 21 get cash injections to ease stability worries

By Paul Abrahams in Tokyo

The Japanese government yesterday took a big step aimed at easing anxiety about the stability of its banks, agreeing to inject ¥1,800bn (\$14bn) of public funds in them.

The money will be provided to 21 of Japan's biggest banks in an effort to shore up their capital before the end of their financial year on March 31.

Many would have failed to meet international capital adequacy requirements without these funds. The Bank for International Settlements requires banks operating internationally to have a minimum of capital equal to eight per cent of outstanding loans.

The decision to supply the money, taken by a special committee of the government-backed Deposit Insurance Corporation, will provide a relief for Japan's weaker banks. Their capital has been undermined by huge write-offs required to cover bad debts arising from the

property market collapse in the early 1990s and the more recent economic recession.

The ministry of finance hopes the additional capital will also permit the banks to loosen their credit criteria, helping to combat the recession.

New data show that during the three months to December, Japan's economy contracted 0.2 per cent quarter on quarter. The Economic Planning Agency admitted that the economy would undershoot its target of 0.1 per cent growth in the year ending March 31. This is likely to be the first year since 1974 that Japan's gross domestic product has contracted.

The banks have reacted to the slowdown by tightening credit and refusing to extend new loans or roll over old ones. Last month, the total value of outstanding loans supplied by Japanese banks declined 0.6 per cent - the largest fall since data began to be collected, according to the Bank of Japan.

The government has

become increasingly concerned about the credit crunch, which has led to record levels of corporate bankruptcies. These rose 30 per cent in February to 1,586, according to Tokyo Shoko Research, the credit research company. It predicted a record 17,900 corporate bankruptcies owing ¥13,500bn

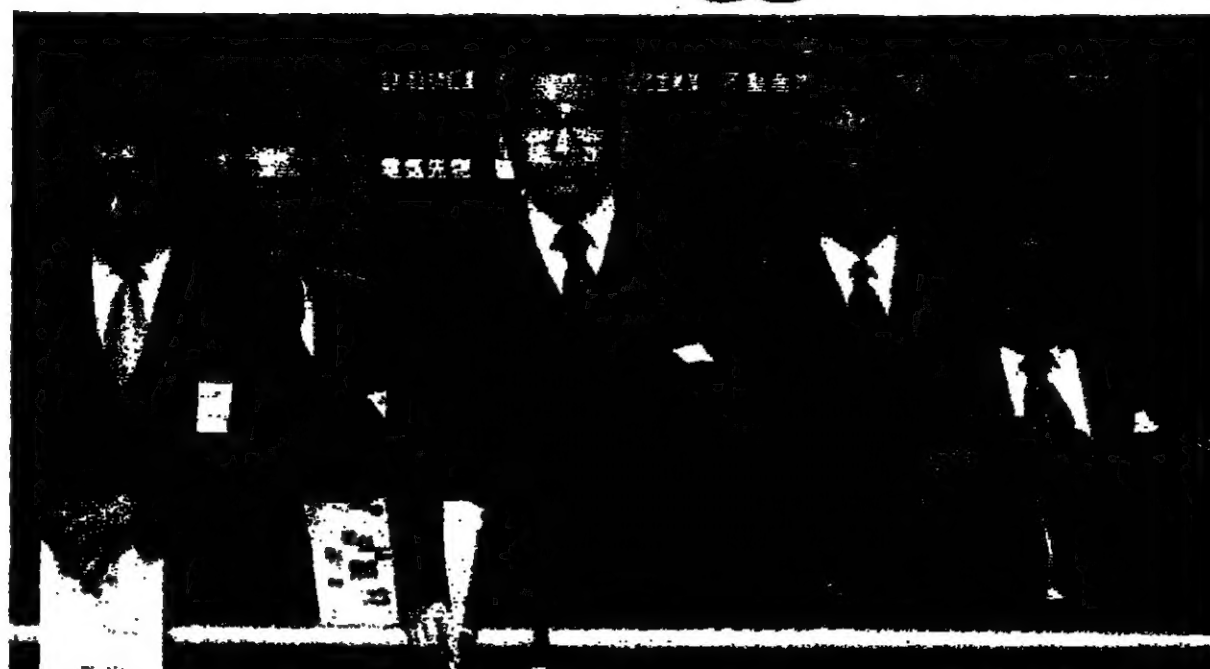
next financial year. Some banks took advantage of the new capital to announce larger bad debt provisions. Tokai Bank, a so-called city bank, said additional write-offs would mean it would make pre-tax losses of ¥40bn compared with a predicted ¥10bn profit. Ashikaga Bank, a regional bank

based in Tochigi, predicted its pre-tax losses would rise from its earlier estimate of ¥12bn to ¥58.42bn. The capital injections will be provided by the DIC buying preferred stock and subordinated bonds, as well as subordinated loans.

Not all banks received as much as they wanted. The

committee refused to give Nippon Credit Bank a ¥230bn subordinated loan, offering it ¥60bn through preferred shares. Long Term Credit Bank received ¥48.6bn through a subordinated loan. It wanted ¥70bn.

Hope Index, Page 3
World Stocks, Page 21



Businessmen watch the trading floor at the Tokyo Stock Exchange as the key index rose 3 per cent yesterday. Picture Reuters

Greece enters ERM in step towards Emu

By Wolfgang Münch, Economics Correspondent

The drachma will enter Europe's Exchange Rate Mechanism this weekend, paving the way for Greece to become the 12th member of the European economic and monetary union.

The move underlines the determination of the socialist Papas government under prime minister Costas Karamanlis to meet the qualifying criteria to allow Greek entry into Emu in early 2001.

The Greek government confirmed yesterday that ERM entry procedures started on Thursday and would be concluded at a meeting of the EU's monetary committee in Brussels tomorrow.

European leaders are due to decide in early May on the founder members of monetary union. Only two EU members remain outside ERM - Sweden and the UK.

The drachma yesterday fell sharply on foreign exchange markets, in anticipation of a central rate below previous trading levels.

Government and central banking officials refused to speculate about the drachma's central rate in the ERM, the rate from which the currency will be allowed to fluctuate by a margin of 15 per cent.

One Greek government minister told the Reuters news agency that the entry rate was "a sacred and secret number".

The choice of the central rate is subject to negotiation between the Greek government and the monetary committee. The meeting is expected to take a decision

at sub-ministerial level, but if the committee fails to reach agreement, finance ministers will be hauled in.

ERM entry negotiations sometimes result in a country making a final devaluation before the onset of a prolonged period of currency stability in the ERM, one of the key qualifying criteria for membership of Emu.

The stabilisation of the drachma is also intended to bring down Greece's rate of inflation, which ran at an annual level of 4.3 per cent in February, to a level that is consistent with Emu membership.

The current rules state that inflation must be no higher than 1.5 percentage points above the average of the best three, which sets an inflation ceiling of less than 3 per cent.

A similar proximity clause is expected to be employed after Emu starts in 1999. The decision to enter the ERM marks an important step in the Greek government's economic stabilisation programme, one of the most ambitious attempted in the EU.

The country, however, still has to bring its budget deficit to under 3 per cent of gross domestic product, having been the only EU country to fail this test in 1997.

Economic forecasts suggest that Greece could meet the deficit target this year, and meet the inflation target in 1999. This would leave one further year during which the government can prove to its EU partners that the economic performance is sustainable.

EU release profile in Asia, Page 3

Hollywood makes a case for philandering presidents

By Bruce Clark

In an age when the relationship between life and art is not so much imitative as interactive, the film Primary Colors is a salacious slice of real life from the top of US politics.

In John Travolta's portrayal of President Jack Stanton - a thinly disguised Bill Clinton - and with Emma Thompson as a coiffured and steely Hillary, fact and fiction have become

intertwined. Mike McCurry, the White House chief spokesman, was asked before the film's premiere whether the president had read the book and whether he planned to see the film. He replied: "I do not know, and I do not know." But the film, due for release next week, amounts on balance to a well-crafted case for the defence of philandering presidents. Just as in the blockbuster novel by reporter Joe Klein, written under the

pseudonym Anonymous, almost everybody is recognisable as a deft, witty caricature of a real person in the Clinton election campaign of 1992.

Henry Burton, the savvy but still idealistic campaign manager, is based on Mr Clinton's former aide George Stephanopoulos, though his ethnic origins have been switched from Greek to African-American. James Carville, the political adviser with a folksy style and ruth-

less sense of tactics, is reborn as a character called Richard Jefferies. Travolta embodies the principle that it is possible to be flawed, ruthless, manipulative, intelligent, effective and yet somehow likeable.

Much has been made of the resemblance between the actor and the president with their heady mix of masculinity and vulnerability, perspicacity and ruthlessness. Travolta's Director Mike Nichols has

denied he was influenced by his friendship with Clinton - and even tried to play down the parallels between his story and real life. "We weren't doing Clinton but the Clinton thing. The events are fictional," he said.

Even charismatic presidents, though, need a challenge, a monster to slay. Cinemasgoers know that too: they are looking forward to Deep Impact and Armageddon, two films due out this summer about asteroids

hurtling to earth. When news came - later reversed - that a real asteroid, capable of destroying the planet, was likely to pass near the Earth in 2028, it felt like a reminder that whoever rules the heavens cannot always be relied on to observe Hollywood's distinctions between life and art.

Certainly, President Clinton showed no such awareness when he vetoed a \$30m anti-asteroid technology programme.

News General

Albanians spurn Kosovo offer

Sllobodan Milosevic, president of Yugoslavia, said yesterday he wanted a political settlement on the conflict in Serbia's province of Kosovo, but ethnic Albanian leaders rejected his terms. He gave no indication that Belgrade would head demands by western governments and halt a crackdown by Serb forces against villages believed to harbour separatist rebels. Page 2

US inflation held as wholesale prices fall
US wholesale prices fell 0.1 per cent in February in part because of lower oil prices and unusually warm weather which reduced demand for heating oil. Year on year, the producer price index was down 1.6 per cent. The easing of wholesale prices suggests inflation remains under control and that the Federal Reserve Board need not raise interest rates. Page 3

World soccer boss lets his foot do the talking
The play is getting rougher in the fight for world soccer's top job after Josep Havelange, outgoing president of the game's governing body, FIFA, walked out of a meeting after disagreeing with his executive committee over the issue of his succession. The dispute could paralyse the administration of soccer three months before the World Cup kicks off in France. Page 2

Mayor drives for equality cleans New York
Rudolph Giuliani, the US attorney who became mayor of New York and drove the drug dealers, beggars and prostitutes out of Times Square, is taking it a leap further in his second term. Now he wants students to be taught civility and respect; a dress code for teachers; a campaign against rudeness by bureaucrats; a full ban on sex shops and topless bars; and crackdowns on jaywalking, litter and blaring car alarms. Page 7

About that asteroid

For a moment this week, things were a little scary. Scientists announced that 1997 XF11, a mile-wide asteroid, stood a small chance of colliding with the earth on October 26 2028. But new data showed 1997 XF11 will pass at a decorous distance of some 1m kilometres.

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Atlanta US\$300
Buenos Aires \$100
Cairo £100
Chicago \$100
Dallas \$100
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Taipei \$100
Tokyo \$100
Zurich \$100

News Business

Wallenberg in shake-up

Investor, the main investment vehicle of Sweden's Wallenberg business empire, stepped up its modernisation programme with boardroom changes at companies it controls. The group said new directors were being appointed at Scania, the heavy trucks group; Stora, the papermaker; Electrolux, the appliances group; SKF, the bearings group; and at Investor. Page 24; Family in the news, Page 7

Hilton in the ring with Circus Circus over casino deal
Hilton Hotels, which last year lost an \$11.7bn takeover battle for the rival ITT hotel and casino group, is in merger talks with Circus Circus Enterprises, the casino operator, for a deal that would divide Hilton into a hotel group and a casino company that would merge with Circus Circus to form the largest casino group in the US. Page 24

Laidlaw tells Safety-Kleen board to clear out for takeover
Laidlaw Environmental Services, part of Canada's Laidlaw group, has stepped up the pressure on Safety-Kleen by insisting that the US waste recycling company's board resign to allow a new group of directors to execute Laidlaw's US\$2bn takeover offer. Page 23

Stock markets soar to highs across the continent
European stock markets continued their winning ways yesterday with highs set in Amsterdam, Brussels, Dublin, Frankfurt, Helsinki, Madrid, Milan, Paris, Stockholm and Zurich. Some worries about President Yeltsin's health and further allegations concerning President Clinton did little more than dent the upward momentum. Low bond yields and interest rates appear to be prompting investors to switch into the equity market. Bonds, Page 8; World stocks, Page 21

GUS agrees \$631m purchase of marketing data group
Great Universal Stores, the UK mail order house which is stalking catalogue retailer Argos with a £1.6bn (\$2.7bn) cash bid, announced an agreed \$631m offer for Metromail, the US database marketing group. The acquisition brings to more than £1.7bn the amount GUS has paid in the last 18 months to build a US information services business, helping clients target customers with data on spending patterns and credit. Page 22; Lex, Page 24; London stocks, Page 17

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Joseph Rowntree Foundation not linked with grants to John Prescott

The Joseph Rowntree Foundation is the UK's largest independent supporter of research on social policy questions with an international reputation for political independence and impartiality.

A front page story in The Sunday Times last Sunday was wholly incorrect in stating that the Foundation had a 'political arm', the Joseph Rowntree Reform Trust, with the implication that the Foundation had caused grants to be made to Mr Prescott and other senior ministers.

The Joseph Rowntree Foundation is a completely separate body from the Joseph Rowntree Reform Trust. There are no personal, constitutional or financial links. There are no staff or Trustees in common. The Joseph Rowntree Foundation is a charity which may not engage in party political activities.

The Joseph Rowntree Foundation, having received no apology or correction from The Sunday Times, are to issue proceedings against The Sunday Times for damages and an injunction.



Further information about the Joseph Rowntree Foundation is available by telephoning: 01904 629241 or on our website: <http://www.jrf.org.uk>

WORLD NEWS

Yeltsin ill but markets prove immune

By Chrysia Freedland and John Thornhill in Moscow

Russian President Boris Yeltsin yesterday came down with what the Kremlin described as "an acute respiratory infection", prompting new fears about the leader's fragile health.

But Russian markets, which have plunged on previous reports of presidential illness, proved remarkably immune to Mr Yeltsin's latest infection, preferring to focus on a 6 percentage point cut in the central bank's key refinancing rate.

Mr Yeltsin cancelled all of his appointments yesterday, suffering from what the

Kremlin said was a respiratory condition which made the president hoarse. Kremlin officials said the Russian leader was taking antibiotics and would not predict when he would be fit to go back to work.

The official announcement revived the lingering concerns about Mr Yeltsin's health which have haunted Russian politics since the president's heart attack in 1996.

But investors and political observers responded to yesterday's health worries more calmly than they have reacted in the past. After initial jitters, the Russian equity market recovered,

ending the day just slightly below Thursday's close.

The market's unruffled response was reinforced by a concerted Kremlin campaign to assure the world that Mr Yeltsin's health problems were minor.

"Unfortunately, he is slightly unwell. We have a flu epidemic going around, acute respiratory disease," said Anatoly Chubais, first deputy prime minister, in comments broadcast on Russian television. "When I met the president yesterday his voice was already a bit weak."

The Kremlin has made no predictions as to when Mr Yeltsin, whose working pace

is leisurely even when he is well, will return to his official duties.

One measure of the president's true state of health is likely to be whether he recovers in time for a meeting of the heads of former Soviet states, scheduled for Thursday.

Mr Yeltsin's health problems were somewhat offset by good news about the Russian economy, which officials claim has survived the aftershocks of the Asian financial crisis.

Sergei Dubinin, head of the central bank, said the strong inflows of foreign capital into Russia in the past few weeks had driven down

yields on the government debt market, creating room for the bank to cut official rates to 30 per cent.

"The normalisation of the financial markets has taken place, tax collection has been increased, and the federal budget for 1998 has been adopted - all this has created a favourable basis for our decision to lower the refinancing rate," he said.

In the wake of the Asian financial crisis Russia's central bank raised interest rates from 25 per cent to 42 per cent to defend the ruble.

But it has been steadily lowering rates as investor confidence has returned.

Nonetheless, with the annual inflation rate currently running at a little over 10 per cent, Russia still boasts one of the highest real interest rates in the world, threatening to cramp the economic recovery this year.

"If you believe in the ruble, and that the inflation rates can be sustained at these levels, then you are crazy not to invest in fixed income in Russia at the moment," said one Moscow-based economist.

The spread between GKO (domestic Treasury bills) and Russia's external debt is still too high.

French left heads for victory

By Robert Graham in Paris

France's Socialist-led government looks set to consolidate its nine-month-old grip on power in regional elections tomorrow.

Opinion polls suggest the alliance of Socialists, Communists and Greens has, if anything, gained in popularity since last May's surprise general election victory. If confirmed tomorrow, this would further strengthen the authority of Lionel Jospin, Socialist premier, and weaken the position of the right-wing opposition parties.

The elections to France's 22 regional assemblies are the first full test of the country's political mood under the Jospin government.

Since the regions were established in 1982 the assemblies have tended to be dominated by the right.

At present two regions - Limoges in the centre south-west and Pas-de-Calais in the north - are in the hands of the left. Elsewhere, differing alliances of right-wing parties hold sway.

The government's popularity dipped early this year when it was caught off-guard by well-orchestrated protests by the jobless. But Mr Jospin made quick comeback and now the government is beginning to reap the benefits of economic recovery. As a result, tomorrow's outcome could well undermine the traditional view that local elections favour the opposition parties.

If the voting trends of the May general election are projected on to the present poll, the government parties would win five regions outright and have a relative majority in 10 others.

In many instances the deciding factor will be the performance of the right-wing National Front, headed by Jean-Marie Le Pen.

The main right-wing parties have yet to recover from their defeat in May.

Their divisions and lack of direction could play into the hands of the National Front, which hopes to poll a good 16 per cent of the vote nationwide and much more in its strongholds. A good performance will allow it to be an arbiter in the formation of several regional governments.

Mr Jospin, who has played little part in campaigning, warned against exaggerated expectations from the results. But he knows that if the government vote can be maintained or improved, it will help him handle difficult allies in the coalition government.

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Fifa chief walks out of meeting

By William Hall in Zurich and Simon Kuper in London

The gloves came off yesterday in the fight for world soccer's biggest job when Jose Havelange, outgoing president of the game's governing body Fifa, walked out of a meeting after disagreeing with his executive committee over the issue of his succession.

The dispute could paralyse the administration of soccer three months before the World Cup kicks off in France. Mr Havelange, an autocratic Brazilian who has led Fifa for 24 years, is due to retire in June.

At yesterday's extraordinary meeting, the first since Mr Havelange took over, a majority of Fifa's executive committee proposed that Sepp Blatter, Fifa's veteran Swiss general secretary, should step down as Fifa's general secretary if he wants to run for president.

Mr Havelange is widely believed to favour Mr Blatter



Havelange: an autocratic Brazilian who has led Fifa for 24 years

as his successor. But Sweden's Lennart Johansson, president of Uefa, European soccer's governing body, and a fierce critic of Mr Havelange is the only declared candidate for the job so far.

campaign secretly for the top job in world soccer.

Mr Blatter is heavily involved in organising the World Cup and there has been growing concern that he cannot do his job properly while running for the Fifa presidency.

Mr Blatter's supporters argue that to replace him now would damage the organisation of the competition.

Mr Havelange, who said it was far from unusual for general secretaries of international sporting bodies to be promoted to president, outlined legal advice showing why Mr Blatter could keep his current job and run for president. The majority of the executive committee disagreed, however.

Mr Havelange cut short the five-hour meeting by walking out shortly before a vote was to be taken. David Will, the Scottish chairman of Fifa's legal committee, said that at the meeting Mr Blatter had refused to say

whether he was a candidate. Mr Blatter said he could not comment because he had not been nominated for the job by a national soccer association.

Mr Havelange has called another extraordinary meeting for April 8, one day after the nomination of candidates for his job closes. However, Mr Will said yesterday that there was no need for another meeting since the majority of the executive committee had already decided that Mr Blatter must step down from his job if he runs for president.

Mr Will said the majority of the executive committee was "very angry" that the meeting should finish like this. Antonio Matarrese, the Italian member of the executive committee, said Mr Havelange was a "great man but he had been weakened" by the dispute. Issa Hayatou, the Cameroonian committee member, added that he was "deeply frustrated" by the stalemate.

KOSOVO BELGRADE SAYS PROVINCE IS AN 'INTERNAL QUESTION WHICH CAN ONLY BE RESOLVED BY POLITICAL MEANS'

Ethnic Albanians reject Milosevic terms

By Guy Dimmore in Pristina and David Buchanan in Edinburgh

Slobodan Milosevic, president of federal Yugoslavia, said yesterday that he wanted to reach a political settlement on the conflict in Serbia's province of Kosovo. But ethnic Albanian leaders rejected the terms of his offer.

Speaking in Belgrade to a Council of Europe delegation, Mr Milosevic said Kosovo was an "internal question which can only be resolved in Serbia by political means".

He gave no indication that

Belgrade would heed demands by western governments to halt a crackdown by Serb forces against villages believed to harbour separatist rebels of the Kosovo Liberation Army (UCK).

At least 80 Albanians, including about 30 women and children, have been killed in the two-week operation. Quoted by state radio, Mr Milosevic said police had the duty to "take appropriate measures to suppress terrorism".

Tens of thousands of Albanians demonstrated in Pristina, the provincial capital, against the police crack-

down. They demanded independence for Kosovo, where an estimated 90 per cent of the province's 2m people are ethnic Albanians.

Some protesters waved American flags while others demanded "Nato, where are you?" A small group of young men also chanted "UCK, UCK". Armed riot police stood by but did not intervene.

A Serbian government delegation spent a second day in Pristina offering to hold what Ratko Markovic, a deputy prime minister, called unconditional talks. The Democratic League of Kos-

ovo (LDK), the ethnic Albanian party led by Ibrahim Rugova, rejected the offer.

"Belgrade must urgently stop its state terror if it is serious about talks," the LDK said. At an EU foreign ministers' meeting in Edinburgh, Klaus Kinkel, German foreign minister, said that while he understood the LDK's reservations, he had sent a message to Mr Rugova asking him to meet the Serbian delegation.

Robin Cook, UK foreign secretary, said: "It would have been helpful if the Kosovo leadership had not responded negatively so

immediately, but I can fully understand that they want more on the table."

Mr Milosevic ruled out third party mediation, a central demand of the Albanian side. Western officials said Belgrade's offer of dialogue would not be enough to avert further sanctions later this month, including a freeze on government assets held abroad.

Sporadic gunfire could still be heard yesterday in villages in the Drenica area that are blockaded by police.

Man in the News, Page 7

Macedonia's ethnic minority dreads refugee influx

The crackdown in Kosovo could start an exodus and put peace at risk in the neighbouring state, writes Kerin Hope

Traffic has dried up at the Glibocica frontier post, overlooked by snow-capped mountains that mark Macedonia's border with Kosovo.

The road usually carries a steady flow in both directions of Albanians on family and shopping visits, but for the past two days the crossing point has been deserted.

"No buses, no taxi fares," says Mohammed, a driver from a village close to the border. "People are scared of going to Kosovo."

Last week's crackdown by Serbian police in Kosovo triggered fears of a massive influx of Albanian refugees into Macedonia, which could escalate tensions between Slavs and the large ethnic minority and threaten the former Yugoslav republic's precarious stability.

So far, says Alajdin Demiri, mayor of Tetovo, the biggest Albanian centre in Macedonia, there have been no arrivals from Kosovo, mainly because families in the Drenica region attacked by Serbian police as a suspected rebel stronghold do not have links with Macedonia.

"If trouble starts in towns closer to Macedonia, the refugees will come. Almost every family here has relatives in southern Kosovo," he says.

"The women and children will be sent across the border and the young Albanian men from here will join the rebels in Kosovo."

In Tetovo cafes, conversation turns quickly to past clashes between Slavs and

Albanians. "My father was rounded up by Macedonian partisans in 1944," says Ismail, a teacher.

"They were put in a camp, they were expected to be killed. But they were rescued by fighters who came across the mountains from Albania."

Ethnic tensions already run high in Tetovo over the status of the Albanian-language University, which has more than 3,000 students and is staffed by former teachers from Pristina University in Kosovo.

So far it has failed to win recognition from the Macedonian government.

In Gostivar to the south, four Albanians died last year in clashes with Macedonian riot police. Rudi Osman, the mayor, is about to serve a seven-year jail sentence for defying a constitutional court ruling by flying an Albanian flag outside the town hall.

"The situation here is difficult but it's not like what's happening in Kosovo."

"But if things get worse over there, the Macedonian authorities may clamp down on the Albanian minority," he says.

Albanians in Macedonia officially make up 23 per cent of the population - although they claim to account for more than 30 per cent - and enjoy a higher standard of living than in Kosovo or Albania itself.

Economic transition has brought opportunities for investment in small busi-



Albanians in Brussels yesterday urging the EU to intervene in Kosovo. Picture Reuters

ness and factories, financed by remittances - estimated at more than \$300m a year - from Albanians working in central Europe.

"I came back from Denmark after Macedonia became independent to set up a dairy business," says Refik, who keeps cows and sheep in a border village. "It's just getting off the ground but there could be a lot of problems if people come pouring over from Kosovo."

The moderate Albanian Party for Democratic Prosperity, the biggest Albanian

political group in Macedonia, co-operates with the governing Social Democrats in return for five cabinet posts and a commitment to a step-by-step policy to end discrimination against the minority.

While relations are often strained, the moderate Albanian politicians claim close ties with Branko Cvetkovski, the prime minister, and have gradually taken over more important portfolios. Abdul Menem Nezir, manager of a state-owned shoe factory in Tetovo, became development minister last

year.

His job includes dispersing EU funds and moderating the administration with a view to signing a European Union association agreement which would eventually lead to full membership for Macedonia.

"We try to look to the future where we'll be equal citizens in an EU member state," he says. "But the Kosovo crisis could bring the Macedonian and Serbian governments closer and set back our efforts to improve the status of Albanians here."

NEWS DIGEST

SOUTH KOREAN DEBT ACCORD

Rollover of short-term loans agreed with banks

South Korea said yesterday it had succeeded in rolling over 95 per cent of \$22.55bn in short-term foreign loans under a debt restructuring agreement with international banks. Bankers expect Korea to build on the success of the restructuring by raising new money through a bond issue in April.

Seoul had been negotiating with 123 creditor banks from 31 nations after a framework agreement on debt rescheduling, which concluded in late January, set March 12 as the deadline for the banks to agree to the plan to extend maturities on Korea's foreign bank debt. A threatened default on Korea's short-term foreign debt forced Seoul to seek a \$58.5bn rescue package from the International Monetary Fund in December, which paved the way for the debt rescheduling agreement.

Bit Rhodes, vice-chairman of Citibank, said creditor banks had already agreed to roll over \$21.6bn, and more acceptances were being sought in after the formal deadline. More than 80 per cent of the debt was rolled over for two or three-year maturities, not the shortest one-year tranche. "It's the best acceptance rate I have ever seen in any deal like this," he said. John Burton, Seoul

AEROSPATIALE

Pressure grows for sell-off

Daimler-Benz Aerospace (Dasa) of Germany and British Aerospace are increasing pressure on the French government to privatise the state-owned Aerospatiale as part of the restructuring of the European aerospace industry.

The German and UK manufacturers, which are privately owned, have made it clear they are not prepared to accept the French government as a long-term shareholder in Airbus Industrie, the aircraft consortium which is to be turned into a limited company next year.

The three companies are the leading shareholders in Airbus, which at present makes no profits or losses in its own right. The three see its transformation into a single company as the start of a wide-ranging restructuring of Europe's aerospace and defence industries. Their long-term aim is the formation of a single group containing all their aerospace and defence businesses. Michael Skapinker, Aerospace Correspondent

FRENCH CURRENT ACCOUNT

Surplus doubles for 1997

France achieved a current account surplus of FF233bn (\$36bn) in 1997, close to double the previous year's and equivalent to 2.9 per cent of GDP. The finance ministry credited the improvement to the appreciation of the dollar and strong external demand. The trade surplus topped FF173bn, underlining the strength of exports in both traditional and emerging markets.

On the services side the surplus rose to FF102bn from FF77bn, helped by a healthy 12 per cent increase in tourism receipts. The net tourism position was FF66bn, against FF54bn the previous year. The most remarkable trend was the rapid rise in French direct investment abroad, which increased 23 per cent to FF181bn.

French headline inflation in February rose to 0.7-0.8 per cent from 0.5 per cent in January, thanks to lower oil prices and continued price stability. Economists did not change forecasts for about 1 per cent year-on-year inflation for 1998. Robert Graham, Paris

NUCLEAR WASTE

Japan accepts cargo

A cargo of reprocessed nuclear waste has finally been unloaded in Japan after Ryutaro Hashimoto, the prime minister, gave in to demands for a meeting with the prefectural governor who had blocked the ship from docking. Morio Kimura, governor of Aomori prefecture in northern Japan, had refused permission for the ship carrying the waste to enter a port until Mr Hashimoto agreed to meet him and discuss his concerns about the eventual destination of the waste and the safety of local residents.

After Mr Kimura showed no signs of relenting, Mr Hashimoto and other cabinet members assured him that renewed efforts would be made to find a permanent site outside the prefecture where the waste could be stored. The Pacific Swan, a British-registered freighter carrying 24 tonnes of reprocessed Japanese nuclear waste, had been at anchor for three days outside the port of Mutsu-Ogawara. Bethan Hutton, Tokyo

ENGLISH TEACHING

HK appeals allowed

Most of the Hong Kong schools opposing a government demand to switch from teaching in English to Chinese had their appeals upheld yesterday. The committee hearing the appeals said 14 of the 20 secondary schools which lodged appeals could continue teaching in English in the new school year which starts in September. One hundred of the territory's 400-odd secondary schools had already been granted permission to teach in English.

Yesterday's decision follows a protracted dispute in which many schools, parents and teachers had opposed the government's policy of encouraging "mother tongue" teaching.

The administration argues that mother tongue teaching is the most effective medium of education and that academic standards, including proficiency in English, suffer through the use of a mixture of languages by teachers. John Riddling, Hong Kong

MAFIA ALLEGATIONS

Italian minister dismissed

The Italian cabinet yesterday sacked a junior minister who had refused to resign over allegations of collusion with the Mafia, the prime minister's office said. The cabinet voted unanimously to begin proceedings to revoke the mandate of Angelo Girolanni, a junior interior minister. Mr Girolanni, a senator and one of five under-secretaries at the interior ministry had come under fire since his name appeared in a report by the parliamentary anti-Mafia commission.

The commission alleges that Mr Girolanni, a former state prosecutor in the Sicilian city of Messina, held improper meetings with a building entrepreneur who was in turn suspected of links to the local Mafia. Mr Girolanni has denied all accusations against him and refused to resign despite requests to step down from Romano Prodi, prime minister, Giorgio Napolitano, interior minister, and other ministers. Reuters, Rome

CANADIAN ECONOMY

Growth regains momentum

The Canadian economy generated 82,000 new jobs in February, surpassing expectations and lowering the unemployment rate to 8.6 per cent from 8.9 per cent the month before. February's rate equals the seven-year low reached in December.

Economists had expected robust job growth during the month as the economy recovered from the effects of January's devastating ice storm in Quebec and eastern Ontario. But strong full-time sale trade suggested the economy had regained its momentum after a pause. Scott Morrison, Toronto

JP MORGAN

Japan's banks: the big bailout

Bank	Amount ¥ bn	Type
Bank of Tokyo-Mitsubishi	100	Perpetual subordinated bonds
Daikoku Kangyo	50	Preferred shares
Sanwa	100	Perpetual subordinated bonds
Sumitomo	100	Perpetual subordinated bonds
Industrial Bank of Japan	100	10-year subordinated bonds
Sanwa	100	Perpetual subordinated bonds
Fuji	100	Perpetual subordinated bonds
Total	100	Perpetual subordinated bonds
Asahi	100	Perpetual subordinated bonds
Daiwa	100	Perpetual subordinated bonds
Bank of Yokohama	20	Perpetual subordinated bonds
Hokuriku	20	Perpetual subordinated bonds
Chugoku	20	Perpetual subordinated bonds
RI	100	10-year subordinated bonds
Ueda	120	Preferred shares
Sumitomo	45.6	Perpetual subordinated bonds
MSB	50	Preferred shares
Sanwa	50	Perpetual subordinated bonds
Sumitomo	100	Perpetual subordinated bonds
Mitsubishi	100	Perpetual subordinated bonds
Yamada	150	Perpetual subordinated bonds
Tokai	50	Perpetual subordinated bonds
Chuo	20	Preferred shares
Chuo	20	Perpetual subordinated bonds

Source: Deposit Insurance Corp of Japan

Japan's hope for economic growth fades

By Paul Abraham in Tokyo

Japan's Economic Planning Agency yesterday admitted the country's economy was unlikely to meet its growth target of 0.1 per cent in the financial year ending this month.

If correct, it would be the first fiscal year since 1974 that the Japanese economy has shrunk.

The poor economic data coincided with the announcement yesterday of a cash injection of ¥1,820bn (\$14.3bn) of public funds to 21 of Japan's biggest banks in an effort to revive the troubled sector and ease the credit crunch that is hitting small businesses.

Most economists predict a further contraction in the economy in the three months to the end of March, which would mean Japan was technically in recession. A recession is defined as two consecutive quarters of negative GDP growth.

The Economic Planning Agency said domestic demand had reduced GDP by 0.8 percentage points during the quarter, while exports had increased it by 0.6 points. However, the agency warned that exports would not significantly boost GDP growth in the March quarter, because of the economic slowdown in Asia.

This new evidence confirming the Japanese economy's dire plight will provide further ammunition for US and European governments, which have been highly critical of Japan's failure to stimulate domestic demand. They have expressed concern that Japan appears to be trying to export its way out of trouble. Booming exports to North America and Europe meant the current account surplus accounted for 2.3 per cent of GDP last year.

Mr Ryutaro Hashimoto, Japan's prime minister, is expected to announce a new package of measures to boost the moribund economy, but only after the budget has passed through parliament.

The scale of the package,

which has been rumoured to exceed ¥10,000bn, will be crucial in boosting consumer and market confidence.

Yesterday's move to bolster the banking system with the ¥1,820bn package was designed to ensure banks meet international capital adequacy ratios by the end of the month and to encourage them not to over-tighten lending criteria.

The government is concerned by a credit crunch which has led to record unemployment and bankruptcies.

Elections are scheduled for July.

However, many analysts were critical of yesterday's package. Florio, banking analyst at ING Barings in Tokyo, said: "This shows the authorities are fixated by the financial year-end, and are not addressing the underlying problem, which is that Japan is over-banked. By forcing the healthy banks to take money, the good banks are being lumbered with the burden of the bad banks."

He warned that the Deposit Insurance Corporation, the body which administers the package, has allocated only ¥1,820bn of the ¥13,000bn available to it. "The money should be used to help the strong and medium-strong banks. It should be used to protect depositors. But it should not be used to keep the weaker banks alive."

However, Mr Ken Okamura, strategist at Dresdner Kleinwort Benson in Tokyo, said it was encouraging that two of the banks - Nippon Credit Bank and Long Term Credit Bank - had not received as much money as they had wanted.

Nevertheless, Yasuda Trust, the troubled bank recently rescued by Fuji Bank, received ¥150bn - more than any other institution.

In a separate development, Fuji Bank blamed speculators for rumours in Europe and the US that the bank was in financial difficulties. It denied this was true.

Variety of views as Israelis mark an Old Testament massacre

Judy Dempsey finds the festival of Purim, which marks Jewish survival in the face of great danger, contains a confusing message

When Daniel donned his Batman costume to celebrate this year's Jewish festival of Purim, he was not really sure what he was celebrating. "We were saved 2,500 years ago," he said. "Somewhere in Persia."

His friends tried to help him out. "Esther, a Jew, who was the wife of King Ahasuerus, who was not Jewish, saved us because she prevented the Persians from killing us," said Eitan.

In the Book of Esther, which will be read in synagogues during this week's Sabbath, a more terrifying episode of Jewish history will be told to worshippers.

Haman, one of the king's ministers, issued a decree to kill all the Jews in one day because he doubted their loyalty, given that they had their own separate laws. Esther, adopted daughter of Mordechai, a Jew connected to the palace, was declared the first Jew Haman was



Israeli teenagers dressed as Playboy bunnies pass soldiers in Jerusalem. Youngsters traditionally wear fancy dress for Purim. Picture Reuters

going to kill. Esther pleaded with the king. Ahasuerus then allowed the Jews the right to "gather themselves, to stand for their life and to destroy, to slay and to cause to perish, all the power of the people and province that would assault them, both little ones and women."

The Book of Esther says the Jews, in order to preempt the first decree, killed at least 75,000 people. They then danced in the streets and "made days of feasting and joy" to celebrate their survival.

On the streets of Jerusalem this week there were few children and teenagers who knew what the Jews did to survive. Daniel said the Jews killed only Haman. Eitan said Haman's 10 sons were also killed. Only one teenager said the Jews had killed "about 50,000".

But if the children were largely ignorant about their own history, a standard textbook for those learning Hebrew omits any mention of the deaths. And even a short description of Purim issued to the foreign press by the Government Press

they are not being attacked. This is how Baruch Goldstein interpreted Purim when, four years ago, he walked into the centre of Hebron, to the Cave of Makhpelah, the traditional burial place of the biblical Abraham, Isaac and Jacob, which is intensely holy to both Arab and Jew. There he killed 29 Muslim worshippers. The settlers honour him with a memorial not far from Hebron city.

This week 450 Jewish settlers living in the Jewish quarter of Hebron danced in the streets, three days after

Israeli soldiers killed three young Palestinians who they believed had "violent intent". The soldiers were released shortly afterwards.

Many settlers had no remorse for what Mr Goldstein - or the soldiers - did. Several settlers said that since it was written in the Book of Esther that the Jews had the right to defend themselves, Mr Goldstein and the soldiers were justified in what they did, regardless of the fact that the worshippers were unarmed and were praying quietly, and that the Palestinians were unarmed and returning home from work.

The selective view of Purim offered to children and the more literal interpretation presented by radical settlers worry educationalists who admit Israel's treatment of a Jew differently from an Arab's death.

"If three Jews had been killed accidentally by Palestinians, you can imagine the reaction in Israel. There would have been closures, clampdowns and arrests," said Ruth. "We treat and value human life so differently. For me, Purim should be a time to ask how both sides can live with each other. This is one Jewish holiday I will not be celebrating."

INTEREST PROSPECTS PRESSURE EASED IN FED TO ACT ON RATES

US wholesale prices fall 0.1%

By Nancy Duan in Washington

US wholesale prices fell 0.1 per cent in February, in part because of lower oil prices and unseasonably warm weather in the north-east and Midwest which cut demand for heating oil.

The Labour Department's producer price index for the month eased 0.1 per cent, the fifth consecutive monthly fall. In January the index fell 0.7 per cent, the biggest drop in four years. Year on year, the PPI was down 1.6 per cent.

The easing of wholesale prices suggests inflation is under control and provides further evidence that the US Federal Reserve Board need not raise interest rates.

Wholesale energy prices fell 1.5 per cent in February, following a 3.7 per cent decline in January. The falling cost of energy is just one of several conflicting forces in the economy, which some economists believe has achieved a tenuous balance. Prices for finished goods fell 1.6 per cent between February 1997 and February 1998 as oil and commodity prices dropped and cheap imports rolled into the country.

"Opec [the oil cartel] continues to crank the stuff out, and can't seem to put caps on production," said Charles McMillion of Washington-based MBG Information Services. "The Asian economies have slowed and are not buying as much oil. We've

had a mild winter so demand growth has been slow, while supply keeps chugging along."

At the same time rising unit-labour costs are providing upward pressure on prices. Hourly earnings rose at a 4 per cent annual rate by the end of last year, the highest since the third quarter of 1996. Real wages were rising faster than productivity, said Mr McMillion.

Housing costs may also pick up this year in the strong market, according to Jonathan Basile of HSBC Group, the international banking and financial services organisation.

In HSBC's report on US economic prospects the group forecasts lower pro-

ducer prices as a result of falling energy costs. It also reduced its estimate for the "core rate" of inflation, which excludes food and energy, to 2 per cent in 1998 and 1.9 per cent in 1999 for consumer goods.

The primary reason for the revision was the stronger dollar, resulting from the Asia crisis, which exerts downward pressure on price growth.

Car prices fell 0.3 per cent in February. Falling prices for computers, heavy trucks, railroad equipment and printing machinery slightly outweighed rising prices for commercial furniture, light trucks, civilian aircraft and communication and related equipment.

World Bank relents on Kenya

The World Bank said yesterday it would help Kenya's beleaguered economy with a \$100m emergency loan, apparently in a bid to prevent total collapse and to encourage the fight against official graft. AP reports from Nairobi.

The loan agreement, yet to be finalised, would help the government patch up roads, water supplies and sanitation systems damaged in months of heavy rains, said Callisto Madavo, the World Bank's vice-president for Africa.

The loan comes at a crucial time for Kenya's economy, which experts say could collapse in coming months unless the government plugs a widening budget deficit and convinces

donors and overseas banks to finance the reforms.

Last year both the World Bank and the International Monetary Fund cut off multi-million dollar loans, citing widespread corruption. The decision sent the Kenyan shilling plunging against the main currencies, shook foreign investor confidence and sent the government scrambling for new revenue to plug the deficit.

Corruption is rampant in government and the civil service, and taxpayers complain they are not receiving services for which they pay.

Mr Madavo, a Zimbabwean, said the World Bank would trust that President Daniel ar Moi would deliver on his promise to tackle corruption and put

the economy in shape.

The short-term emergency funds would probably be disbursed mid-year, Mr Madavo said. But the bulk of the bank's portfolio for Kenya, totalling \$690m, would remain frozen until the government showed results of its much-talked about anti-graft crusade.

"Clearly there is a need on an urgent basis to address the economic issues, starting with putting a grip on the budget," he told reporters. "President Moi told us it's a new day. We're willing to take what we've been told for what it is."

The sudden reversal apparently stems from promises Mr Moi made to James Wolfensohn, World Bank president, in January to bat-

tle the economic problems and corruption.

Mr Madavo said the bank had accepted the government's proposal for an eight-member steering committee which will oversee the emergency funds and direct them to communities damaged by flooding.

"We will be working with the government to ensure that these arrangements are implemented with speed, efficiency and transparency. Those are the three major criteria," he said.

Mr Madavo said apart from prosecuting specific instances of corruption, the government should revamp the legal system, auditor general's office and civil service to make them accountable.

Economic life shuts down on Burma's middle classes

Ted Bardacke reports that, after a period of high spending, the military junta is tightening controls

The colour of the luscious apples on display at Rangoon's main produce market has changed. The bright red ones arriving from southern China have disappeared, replaced recently by fruit from Chin State in the north, a dull red with brown streaks.

Burmese say they prefer the imported apples but suddenly they have become a forbidden fruit. Facing an acute shortage of foreign exchange after four years of profligate consumer spending, Burma's military government is, bit by bit, closing its economy off to the outside world again.

Imports have virtually ceased and earlier this week nine private banks had their foreign exchange licences revoked, as the government attempts to reimpose control over contacts and contracts with the world economy.

The shutdown is just the latest blow to the country's middle class after last year's annual inflation rate of nearly 50 per cent and the closure of the nation's universities in 1996 in the wake of student riots. One extra-joke that keeping the schools closed is logical, because since milk has disappeared from the supermarket shelves there is nothing with which to dampen breakfast cereal any more.

Yin Yin was a first-year botany student when her university was closed. For a while she dabbled in property trading, making good money and wondering whether a university education was really worth the time and trouble. Now with the bottom having dropped out of the real estate market - land prices are down 40 per cent - she pines for school again.

"I'm 21 and I haven't even finished my first year," she says. "I prefer business but I want to obtain a degree."

The country's military junta is sensitive to the complaints, especially because they come from within the

elite, from where it is widely assumed that any political upheaval would emanate.

Col Hla Min, a government spokesman, says preparations are being made to reopen the schools in the very near future. He has a daughter who just passed her entrance exams and "I've told her not to put her bags away, you're going to school again soon."

Since a cabinet reshuffle that involved the sacking of four senior ministers for corruption and a name change last November, the regime has been saying that its new task is to build a modern and open economy that would pave the way for a transition to a functioning democracy.

But the government can offer no time-frame for how long this will take. Some officials take a harsher line about the gradual shutdown, preferring to fall back on an inflexible last line of defence: that Burma survived in isolation for decades and could do so again.

"We're holding our breath," says Set Maung, a senior economic adviser to the generals, "but we're not going to suffocate to death."

"Psychologically it's possible for people to accept closure again," says a western diplomat. "Look at what's happened and been accepted already. Imports, shut. Rice exports, shut. Privatisation, shut. Legal foreign exchange, shut. Universities, shut. They've already shown its possible."

Still some dispute whether the regime, having opened the door to the outside world for a few years, could indeed close it again.

They argue that elements within the army that have benefited materially from the openness simply would not allow it.

And there is always the risk of the now ex-students growing restless again.

"If the government goes back [to isolation] there would be a lot of discontent and disappointment," says Htay Min, a 22-year-old zoology student who has been passing his time selling used cars. "I would rather they close the schools than close business."

TECHNICAL AID SUPPORT FOR BRITISH INITIATIVE TO CREATE A TRUST FUND TO FOCUS ON RESTRUCTURING FINANCIAL SECTOR AND RELIEVE POVERTY

Lamfalussy named to raise EU profile in Asia

By Lionel Barber in Edinburgh

The European Union is considering appointing Alexandre Lamfalussy, a top central banker and guiding light behind economic and monetary union, as special envoy to Asia to strengthen Europe's profile in dealing with the regional financial turmoil.

The idea received a broadly favourable response at a meeting of EU foreign ministers in Edinburgh yesterday.

The EU should not allow the US to take all the credit for coordinating the rescue packages for Korea, Malaysia, Thailand, and Indonesia, ministers agreed.

Ministers also supported a British initiative to increase technical aid to the troubled Asian economies. This involves creation of a "Trust Fund" under the auspices of the World Bank which would focus on restructuring the financial sector and dealing with poverty.

At the same time, they singled out Indonesia as the biggest threat to regional economic stability and urged President Suharto to comply with the terms of the rescue package agreed with the International Monetary Fund.

Derek Fatchett, British foreign office minister, who has just returned from a trip to Asia said the lack of action by the government in Jakarta could trigger a "second wave" of financial instabil-

ity. "The IMF is the only show in town."

The appointment of Mr Lamfalussy - who stepped down last year as president of the European Monetary Institute, forerunner of the European Central Bank - will be discussed at a meeting of EU finance ministers in York next weekend.

It reflects a growing assertiveness on the part of the Europeans in response to the Asian crisis and a desire to maximise Europe's profile

ahead of the Asian summit with leading Asian nations in London early next month.

European Commission officials pointed out yesterday the 15 members of the Union had collectively contributed - through the IMF - a total of \$20.7bn, more than the \$18.6bn provided by the US but less than the near \$25bn stumped up by Japan.

The initial sums involved in the Trust Fund are small compared to the \$100bn-plus IMF-led rescue packages for

the former tiger economies. But the new funds will be in the form of grants and should act as leverage for much heavier private-sector lending.

The British presidency of the EU has offered Ecu7.5m (\$8.3m), and the European Commission is believed to be considering a further Ecu10m-Ecu15m for the Trust Fund. Assuming proportional contributions from the 15, this could generate around Ecu100m.

Joe Kennedy says he will not seek re-election

By Victoria Griffith in Boston

Joe Kennedy, son of Robert Kennedy, said yesterday that he would not seek re-election for his seat in the House of Representatives, and that he was retiring from political life.

Mr Kennedy said the death of his brother, Michael, in a skiing accident two months ago made him realise that there are "times you have to get your priorities right."

Mr Kennedy wants to spend more time with his family and on volunteer work for development issues.

The Massachusetts representative will complete his term, through to the end of the year, then dedicate himself to Citizens Energy, a non-profit heating assistance programme he founded with Michael.

The announcement may mark the beginning of the end of the Kennedy family's prominence in US politics. President John F. Kennedy's son, John, has refused repeated calls to run for office, choosing instead to launch a magazine, *George*. Ted Kennedy had a close call in his last run for the US Senate.

Last year Joe Kennedy came in for criticism on all sides over his decision to seek an annulment of his marriage to Sheila Rauch Kennedy, with whom he had twin sons.

Mrs Kennedy, as part of a national tour promoting her book "Shattered Faith", told how he mistreated her and his attempt to get their marriage annulled.

He used a coveted spot at a state Democratic rally last April to publicly apologise "for any of the mistakes I made in our relationship. She is the mother of my children. She is the woman who

I married and care very, very deeply about."

The annulment, however, would have made the sons illegitimate in the eyes of the church. Mr Kennedy said he sought the annulment so he could take communion at church with his new wife, Beth. His popularity declined precipitously with Massachusetts voters, however.

Last August he announced he would not run for governor, a position for which he had been considered a shoo-in candidate just months before.

Scandals have dogged the

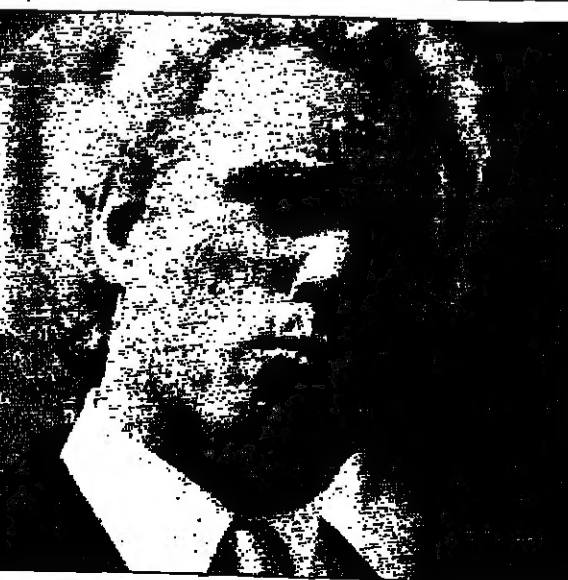
Kennedys' political life. Two and a half decades ago Ted Kennedy was involved in a car accident in Chappaquiddick, part of the Massachusetts resort of Martha's Vineyard. The woman he was with died after the car he was driving fell into water.

Brother Michael, who ran Joe's last campaign, ran into trouble after an affair with the family's babysitter, who prosecutors alleged was under the legal age of consent. The case was never brought to trial, and Michael later died in a freak skiing accident.

Mr Kennedy said he was

increasingly interested in the world of business. "I've decided to make a difference in the private sector," he said. "Public service is an honourable profession, but it is not the only way to be of service."

Mr Kennedy's announcement points to a decline in Massachusetts' influence in Washington. The highly respected speaker of the house, Tip O'Neill from Massachusetts, died earlier this decade. The controversial but high-profile Governor Weld stepped down from his position as governor of the state last year.



Joe Kennedy: popularity has declined Picture AP

INTERNATIONAL

INDONESIA FT WRITERS SPEAK TO THE MAN SET TO BECOME DEFENCE MINISTER AND THE MAN WHO WAS CENTRAL BANK CHIEF

Voice of moderation who is 'ready for a dialogue'

Unlike his predecessor, Wiranto might not threaten to shoot demonstrators

By Sander Thoenes in Jakarta

General Wiranto, Indonesia's new military commander, has emerged as a new voice of moderation and even a potential alternative to President Suharto.

The general, who was appointed chief of the armed forces last month, and who is expected to be named minister of defence and security today, told thousands of demonstrators this week that "constructive demands are all right."

"We are always ready for a dialogue," said Gen Wiranto. "Students are the future of our nation. That clean officials be appointed to the cabinet, for instance, is a logical request."

Mr Wiranto's conciliatory remarks were laced with the usual condemnations of

demonstrations and "revolutionary reform", but they were a far cry from those of General Wiranto, his predecessor, who tended to dismiss student activists as "neo-communists" and threatened to shoot them.

Gen Wiranto has also been the only senior official to oppose publicly a recent spate of violent attacks on the Chinese minority, while Mr Tanjung and other officials tried to blame Chinese conglomerates and shop owners for the collapse of the currency and rising prices.

If he is appointed minister, he will offer some balance in a series of controversial appointments to the cabinet that give little indication that Mr Suharto is ready for change.

Ryutaro Hashimoto, Jap-

nese prime minister, and a team from the International Monetary Fund are due in Jakarta this weekend to urge Mr Suharto to implement economic reforms. But they may end up meeting Bob Hasan, a business associate of Mr Suharto who has run a plywood cartel targeted by the IMF, in the key post of minister of trade and industry.

Although Mr Suharto has shown in recent weeks that he is still very much in charge, many look at Mr Wiranto as a widely acceptable alternative should a collapse in the economy weaken Mr Suharto's grip on the country. Many Indonesians believe Gen Wiranto, Mr Suharto's former personal aide, is too loyal to ever turn against the president, but they think he

might opt at least not to shoot at demonstrators if they took to the streets.

"If one or another faction in the army says 'We support the people', it's enough," said Frans Seda, a former finance minister who watched Mr Suharto push out his predecessor, President Sukarno, by forging an alliance with student activists. "That means they can take to the streets. We need an army that does not take action against demonstrators."

Mr Seda's only fear is that Gen Wiranto's appointment would give Mr Suharto the option to remove him from the post of chief commander without having to sack him. Gen Prabowo Subianto, Mr Suharto's hard-line son-in-law, would be his most likely successor.



Gen Wiranto: "That clean officials be appointed to the cabinet is a logical request." Picture AP

'Poor state schools threat to US future'

By Victoria Griffith in Boston

The poor quality of US state schools is the biggest threat to the country's future competitiveness, according to a coalition of business, academic and government leaders speaking at the National Innovation Summit in Boston yesterday.

"Our schools desperately need reform," said John Engler, governor of the state of Michigan. "It's the greatest impediment to future growth."

A presentation by Michael Porter, a prominent management theorist, sounded alarm bells at the conference.

"Japan and Germany, while they've made some mistakes, are investing in training and education," he said. "Because of that, they could overtake the US in the long run in terms of competitiveness."

Al Gore, US vice-president, also speaking at the summit, described education as a serious concern.

Participants threw out some disheartening statistics on the condition of US state schools. Just 30 per cent of all eight-year-olds in the city of Baltimore read at the expected level. While the problem is more pronounced in urban centres, the suburbs also perform poorly.

US universities are the educational bright spot. Yet even there, signs of trouble are emerging. Elite schools such as Harvard, Stanford, and Johns Hopkins may be in danger of pricing themselves out of the market.

"People talk about US universities as being a 'great investment'," said William Brody, the president of Johns Hopkins. "That's what they said about Mercedes cars until they realised that they were just too expensive and were forced to change strategy."

Between 1980 and 1994, the price of a university degree increased by 84 per cent relative to family income. Mr

Brody called for a boost in productivity at US universities, using information technology to provide students with more simulation exercises, long-distance learning and other tools.

US universities are also not graduating enough students. The number of masters degrees awarded to Americans is flat, according to Mr Porter, while the number of degrees awarded to foreigners studying in the US has been rising sharply. The deficit of students is particularly acute in engineering in computer sciences, where there have been sharp cuts in federal research funding. "That means decreasing faculty at a time when industry is crying out for a more sophisticated workforce in this area," said Mr Brody.

The US industry that is most clearly ahead in training and productivity, said participants, is drug discovery. Scientists in the US are responsible for half the new drugs in the world, according to Raymond Gilman, CEO of Merck & Company. "The lesson from that is that funneling money to research pays," he said. Some 19 per cent of pharmaceutical sales in the US is given back to research and development, compared to a 4 per cent average in all industries.

Mr Gore said improving education was a priority for the administration, which is pushing a number of initiatives, including national educational standards and testing, the hiring of 100,000 new teachers and renovations to school buildings.

US educators are puzzled that while spending on state schools has risen sharply in the country, student performance has improved little. "We need to introduce more competition to the school system," said Mr Engler.

"We've got it in our nursery schools and universities, now we have to make the schools compete for students and funds."

Rupiah's defensive walls turned out to be built on sand

Dismissed governor tries to see what went wrong. Maybe he was just too gentle, write Peter Montagnon and Sander Thoenes

I felt as though I was building a sandcastle on the beach. Then a big wave came and washed it away," says Sudrajat Djiwandono, recently sacked as head of Indonesia's central bank.

Nobody expected anything like the crisis which hit Asia after Thailand devalued the baht last July, he explains. Between the time the crisis broke and his dismissal in February over his opposition to President Suharto's currency board proposal, Mr Sudrajat says he had only one weekend off, and that was to undergo a knee operation for a tennis injury.

The leg is still obviously troubling him as he waits to be turned out of the central bank governor's plush official villa in one of Jakarta's leafiest quarters. So are his memories of his time spent trying to fight the crisis.

The mild mannered Mr Sudrajat is saving the details of the actual sacking up for a book he is writing. But as a silent houseboy pads about, turning on lights in a vain attempt to relieve the gloom of a late afternoon tropical shower, he keeps going back over the rest of the crisis, looking for the points where he and others went wrong. As he talks almost obsessively, one has the impression that he was simply too honest and too gentle to be thrust into the lion's den of Indonesian finance.

He assumed, he says, that by widening the fluctuation band of the rupiah against the dollar seven times since 1994, he had made Indonesia more flexible than other Asian countries. It came as a great shock to him to discover that companies had

not hedged their dollar borrowings and it was very hard for the central bank to track the extent of those borrowings.

Now he thinks it might be better if short-term borrowing abroad by banks and companies were limited. "There are a lot of arguments justifying that point of view... As a monetary economist, I'm very pro-market, but something has to be done. We need a rule-based system to which players adhere."

The core problem, he adds, remains the banking system. All his efforts to build in prudential safeguards, such as the application of international capital ratios and better internal audit systems, proved inadequate when the wave broke. "You can only

have a sustainable macro or monetary policy if you have a healthy banking industry," he admits. That has made the task of solving the other problems immeasurably harder.

But if anything he is more critical of the IMF than he is of the president who sacked him. Mr Sudrajat says he was very nervous about the risk of a contagious run on deposits when the government decided to close 16 banks as part of the International Monetary Fund programme last November. "The IMF wasn't giving us the total picture," he says. Thailand had had similar problems.

Similarly, he believes the IMF was wrong to call for higher interest rates to stabilise the rupiah. "I told them that theory is good only if it is very short-term. No econ-

omy can afford to have very high interest rates for the long term."

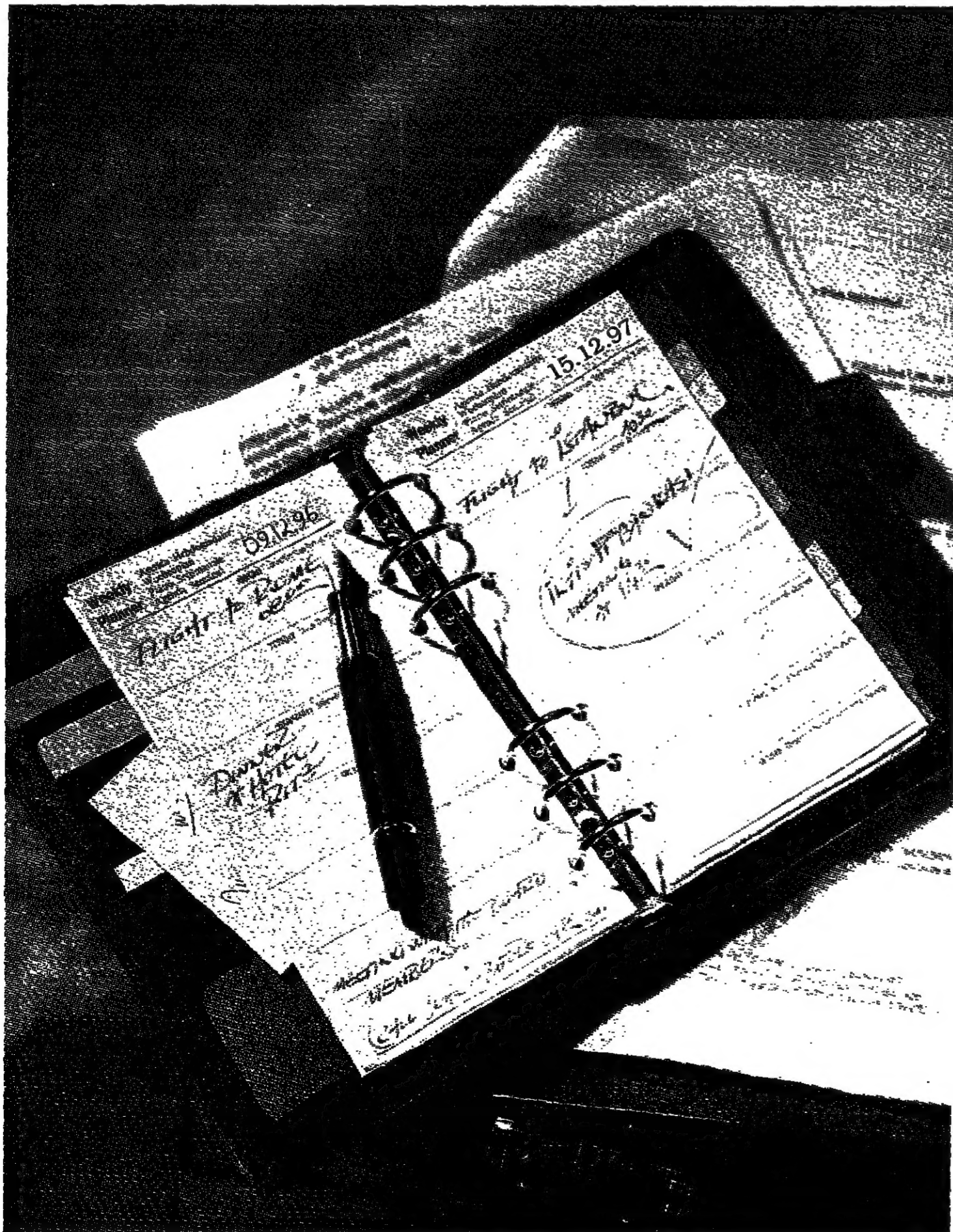
Moreover, the kind of structural reforms the IMF was asking for cannot be completed in the short term. "You can't produce good bankers in a fortnight. The problem is not just capital and management, but also supervision. All of this is medium-term, while the requirement to stabilise the market is short-term."

Surprisingly, given his arguments with Mr Suharto, Mr Sudrajat is understanding about the motivation behind the president's interest in a currency board. It appeared to offer an opportunity to stabilise the rupiah at a rate the business community could afford, he says.

But the problem lies in

sequencing measures when there are a lot of other tasks to complete. "The market has a long list of wishes. Our banking system is so weak that we have to consolidate. We have to ask what benefit we get from a fixed exchange rate. Can we do that and satisfy the process of strengthening the banks? Can we finance the balance of payments if our reserves are committed [to a currency board]?"

Now the problems have spread into the real economy, where supply of food and medicine has become "an acute problem". And even if Indonesia does win loan guarantees from countries like Japan and Australia to buy essential supplies, the next problem is whether people can afford them, given the overshooting of the exchange rate.



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TRANSPORT FUNDING BIG STRUCTURAL CHANGE FOR CAPITAL'S UNDERGROUND NETWORK LIKELY TO BE ANNOUNCED NEXT WEEK

London rail privatisation to be extended

By Charles Batchelor and George Parker

The government is expected to award more than \$350m (\$550m) in additional funding to the London Underground railway in Tuesday's Budget to tide it over a shortage of funds during the next two years and prepare it for partial privatisation.

This will be followed on Thursday by an announcement by John Prescott, deputy prime minister and chief transport minister, of his long awaited plans to break

up the Underground network into three privately owned infrastructure concessions which would be let to the private sector on 20-30 year leases.

The Budget is expected to include an extra \$90m in Underground funding in 1998-99 and \$200m in the following year. In addition, the network's managers would be allowed to carry forward \$75m of unspent funds from the current year.

This will make good some of the spending cuts imposed by the previous government

which would have reduced London Transport's subsidy, most of which goes on the Underground railway, from \$550m this year to \$310m in 1998-99 and \$150m in 1999-2000. "This additional funding is desperately needed," said London First, a business lobby group.

It emerged yesterday that Mr Prescott would be prepared to hand over all of the Underground's track, signalling, stations and trains to a single company, if it could be shown that the deal offered value for money.

"We will see how the bids come out," said a government official. "This is the way to get the best deal for the taxpayer." That would avoid an embarrassing repetition of the sale of the national rail network's bulk freight business which was split into three only to be sold to a single buyer.

Under Mr Prescott's plan, which has been in gestation for more than six months, train services would continue to be operated by London Transport in the public sector. But it is understood

that the Treasury has insisted the private sector should be allowed to take over train operations if the public sector failed.

The newly-elected executive London mayor would have a reserve power to strip LT of its train operating function, and to franchise routes to the private sector.

By keeping train services in the public sector, Mr Prescott can avoid the charge that he has broken Labour's manifesto pledge that there would be no "wholesale privatisation" of the Under-

ground. Railtrack, privatised owner of the national rail infrastructure other than on the Underground, would be interested in acquiring the whole network, although Mr Prescott has doubts about whether the company would be able to meet all of its investment obligations elsewhere on the rail network.

By leaving open the question of how many concessions are let, ministers accept that the bidding process could last six months.

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Sport's best kept secret comes in from the cold

Ice hockey is striving to become a big spectator event, says Hugh Carnegie

Last month a league clash involving Manchester and Cardiff drew a crowd of almost 16,000. Football? No. Rugby? No. It was ice hockey.

"Ice hockey is the best kept secret in British sport," says Ian Taylor, the Olympic gold medal-winning British field hockey goalkeeper who is now chief executive of ice hockey's Superleague. "We are the country's biggest indoor spectator sport by far."

After years in the doldrums, ice hockey is making a serious attempt to become a big-time professional spectator sport in Britain.

Dedicated devotees in dank rinks have long kept the game going in a country that once won an Olympic gold medal - in 1936. But since a post-war heyday, the swooping skills and crunching spills of the fastest sport on two feet has escaped a wider British audience.

Now, if Taylor is to be believed, that is changing. His case has been strengthened recently by the sale for the first time of a Superleague London franchise to Anschutz, a US company that controls the LA Kings of the National Hockey League in North America. Anschutz is to spend up to \$7m refurbishing the London Arena in London's Docklands, and preparing a team for next season.

Taylor says the advent of Anschutz and his London team will give the two-year-old Superleague - whose eight teams are mostly based

in the north - a big boost. "Unless you can talk London you are a bit parochial," he says.

But can professional ice hockey really take root in Britain? Some oases are not good. Ice hockey has suffered in recent years from a series of confusing changes in the league structure and the loss of key sponsors.

The Superleague began when a group of the strongest clubs in effect broke away from the British Ice Hockey Association. There is still a British National League run by the BIHA and "EDI" - a league run by the English Ice Hockey Association. But there is minimum co-ordination between them.

The Superleague's finances appear to be shaky. Of the eight teams, only Manchester Storm and the Sheffield Steelers are believed to make money.

Another glaring feature is the overwhelming dominance of imported players and coaches - mostly Canadians. There are fewer than 10 British players in the Superleague.

"How long [the Superleague] can last is open to some doubt," says Simon Potter, editor of Powerplay magazine. "There is no grassroots structure and that's what is missing. You can't build the top level without it."

None of this deters the Superleague. Ian Taylor has a clear vision of what can be achieved. He says the league is very different as an attraction from outdoor



Cardiff Devils caught at a tense moment in the Benson and Hedges Cup Final

sports. It is competing against cinemas and other indoor events. "As far as I am concerned, we are entertainment first and a sport second."

The impressive crowds that some Superleague clubs are attracting have as much to do with the razzmatazz they have created as with an aficionado's love of the game

itself. The Superleague proudly proclaims that 53 per cent of its live audience are women.

The league's belief is that a combination of more franchises, the building of more large capacity arenas and a big dose of marketing will entrench professional ice hockey as a money-making business.

It is this vision that Anschutz has bought into. The Denver-based company has bought a half-share in the London Arena, aiming to replicate its property/sports operations in the US where it in effect uses sports franchises such as the LA Kings to leverage value out of multi-event arenas.

Football to launch European offensive

By Simon Kuper in London

The US National Football League claims the highest revenues of any sports body in the world. But the six-team World League, American football's European offshoot, means nothing to most people. So it will be called NFL Europe when the season starts next month.

The NFL is spending \$5m (\$2.9m) on relaunching the game in Europe - beer money to the average Denver Broncos, but the largest sum ever devoted to developing it outside the US.

It will be spent largely on backing television programmes and other projects to tell more Europeans about the game. Sat 1 is to televise NFL Europe matches in Germany, where the Frankfurt Galaxy claims average crowds of more than 35,000. Rhein Fire, the other German team, has sponsored manhole covers and sold Barbie Doll cheerleaders.

The London Monarchs are to become the England Monarchs, with a red-and-white kit that makes them look like the England soccer team in helmets. They will also play some games in Birmingham and Bristol.

NFL Europe plans to select a British teenager who can be sent to American high school and college.

American football may have peaked in the UK in 1986, when the Dallas Cowboys and Chicago Bears sold out Wembley Stadium in London. Then, Channel 4 offered prime-time UK television coverage. Now American football is shown outside prime time.

BSE crisis 'cost more than \$1bn in year'

By Maggie Urry in London

The BSE crisis cost the UK economy between \$740m (\$1.2bn) and \$980m in its first year, according to a report commissioned by the government and prepared by DTZ Pleda Consulting. That loss was equivalent to just over 0.1 per cent of gross domestic product.

But, the report said, the impact on the farming industry will worsen, as compensation payments which cushioned beef farmers in the early months have reduced. Without a lifting of the export ban, the report predicts, the value of the UK beef market will struggle to recover.

The crisis broke when the government announced two

years ago that mad cow disease was probably responsible for a new variant of Creutzfeldt-Jakob disease, the fatal human brain condition. That caused a sharp drop in beef consumption and led to a worldwide ban on UK beef exports.

In 1995, the beef industry represented 0.5 per cent of GDP and supported 130,000 jobs, the report found, although the market had already been depressed by fears over BSE.

Sir Donald Mackay, one of the report's authors, said that, in the first year of the crisis, "the major loser was the taxpayer". Compensation to farmers and abattoirs largely offset their loss of output, and caused a public expenditure cost of £1.5bn.

Exports of beef had totalled £700m in 1995. The loss of that market, and the 24 per cent fall in domestic demand for beef in the 12 months from the onset of the crisis, cut the value of the UK's beef market by 35 per cent, from £4.1bn to £2.6bn.

Offsetting that loss, though, was a rise in sales of other kinds of meat, benefiting the sheep, pig and poultry sectors, and the financial help given to the industry.

Sir Donald said in the second year the burden began to shift from taxpayers to producers, ranging from beef farmers to meat processors. He said: "If that situation persists, we are going to get quite substantial losses in the beef sector."

Investors in Barings could receive \$310m

By George Graham, Banking Editor

Investors in the collapsed Barings investment banking group could receive around \$190m (\$310m) under the terms of a settlement proposed by the company's liquidators.

Barings folded in 1995 after \$280m of losses run up in its Singapore trading operations by Nick Leeson. Although its business was taken over by ING of the Netherlands, Barings plc went into administration and was placed in liquidation in 1996.

Investors in two issues of floating rate notes issued by Barings in 1988 and 1994 will receive some of their money back, as will holders of a

1994 issue of perpetual subordinated notes.

Most of the money will come from ING and its subsidiaries, but \$56.5m will come from other contributors. The settlement plan, these are expected to include Barings' auditors - Coopers & Lybrand and Deloitte & Touche - as well as the three brokers to the perpetual notes issue: AEN Amro Hoare Govett, BZW, the investment banking arm of Barclays, and Cazenove.

The deal was hammered out by the City Disputes Panel, a dispute resolution body for the London wholesale financial markets.

Ernst & Young, liquidator to Barings plc, said the implementation of the settle-

ment was subject to approval by creditors, but hoped the first wave of payments to one of the creditor groups could start this month.

Under the terms of the plan, investors in the \$150m 1994 issue of floating rate notes will be paid principal and interest in full, plus expenses of \$4.9m, less a discount of \$2.5m.

Investors in the \$150m 1986 issue of floating rate capital notes will receive a payment of \$25.5m, less the expenses of the trustee and the steering committee of investors. Each investor is likely to receive about \$58.93 per \$100 held.

A payment of \$25.5m will be made for the \$100m 1994 issue of perpetual notes.

BUDGET CHANCELLOR OF THE EXCHEQUER MAY TARGET TAXES ON INHERITANCE AND ON CAPITAL GAINS

Economists warn that affluent families may feel the pinch

Tax experts believe that many people, particularly the better-off, will not like what Gordon Brown, the chancellor of the exchequer, will say in his Budget speech on Tuesday. "I have a nasty feeling this Budget is going to hurt middle England," says Simon Phillip of accountancy firm Arthur Andersen.

There were similar warnings of potential tax hits before Mr Brown's first Budget last July: yet taxpayers escaped largely unscathed. But that Budget came just eight weeks after the Labour party was elected. This time, Mr Brown has had time to plan major changes. "It is the first opportunity to get stuck into the pet projects in the [Labour pre-election]

manifesto, such as inheritance tax," warns Mr Phillip. The centrepiece will be the welfare to work provisions, designed to help people shift from reliance on benefits into employment. Mr Brown will almost certainly take from the better-off to help finance this scheme.

The following are areas to watch. ■ **Savings** Mr Brown is due to announce the overall shape of the new individual savings account (ISA), although some of the small print rules will follow later. The initial proposals for ISAs, which will replace personal equity plans (PEPs) and tax-exempt special savings accounts (Tessas) in April 1999, drew protests

from the savings industry and investors alike. Pre-Budget leaks suggest that the most contentious aspect of these proposals, the £50,000 limit on amounts that can be transferred across from PEPs, will be scrapped.

■ **Capital gains tax** Mr Brown is due to report on his review of CGT, and most accountants expect at least some changes to be announced. But the betting seems to be that he will tweak aspects of the existing regime rather than go for a radical overhaul.

John Wayman, of accountant Coopers & Lybrand, says possible targets include the "extremely generous" retirement relief for people who sell certain business

assets after the age of 50, and the reinvestment relief on gains that are rolled over into certain investments, such as venture capital trusts. The £6,500 annual CGT allowance and the ability to reduce gains in line with inflation may also be affected.

■ **Inheritance tax** A prime target. Before it was elected, Labour signalled that it wanted to make IHT much tougher, and almost any aspect of the present system could be attacked.

Possible changes include reducing the £215,000 tax threshold; ending the ability to avoid paying IHT on gifts made seven or more years before you die; and abolishing deeds of variation, which allow the terms of a will to

be changed to reduce the tax bill after someone dies.

■ **Income tax and national insurance**

"There has got to be something about a 10 per cent starting rate of income tax - [Brown] has trailed it more often than a Frank Sinatra retirement concert," says John Whiting, of Price Waterhouse. But the new rate might not come into force until April 1999. To fund this tax cut, and ensure it does not benefit the better-off unduly, the chancellor could reduce (from £26,100) the income level at which people start paying 40 per cent higher rate tax.

■ **Pensions** Funds are still reeling from the decision in the Budget last July to stop them

reclaiming the dividend tax credit. This, in effect, cut their income from UK shares by a fifth. There are fears of another attack this time around, possibly restricting the tax relief on contributions to the basic rate. This would increase the tax bills of 4m people by up to 25 per cent, according to the Association of British Insurers.

■ **Anti-avoidance measures** The surprise decision by the government last week to close an offshore tax loophole is very likely to foreshadow a raft of anti-avoidance measures in the Budget. Areas likely to be hit include the use of certain trusts for tax planning.

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NEWS DIGEST

NORTHERN IRELAND

Sinn Féin chief to visit UK embassy in Washington

Gerry Adams, president of Sinn Féin, is to become the first Irish republican leader to enter the British embassy in Washington. He flew to the US capital yesterday and has accepted an invitation from the UK ambassador to Washington, Sir Christopher Meyer, a former press secretary to John Major, the Conservative prime minister swept from office in the 1997 UK national election. Mr Adams is one of several Northern Ireland party leaders who will meet at the embassy on Tuesday, which is St Patrick's Day.

Mr Adams has also accepted an invitation from President Bill Clinton to attend the St Patrick's day celebrations. "The next 60 to 90 days are very, very important," President Clinton said yesterday. "We have to do everything we can to get the parties together to move in a timely fashion." Mr Clinton held out the prospect of visiting Northern Ireland when he visits Europe in May. "Whether I go or not... depends on the posture of things with the peace process."

But David Trimble, leader of the Ulster Unionist party, the largest pro-British party in Northern Ireland, predicted yesterday that "reliable information" would be made public "in the next day or so" implicating the Irish Republican Army, the military wing of Sinn Féin, in a mortar attack this week on a police station in Armagh city. "We are dangerously close to a situation where we have people who are at the table while their friends and comrades are engaged in violence for the purpose of influencing the talks," he said. Andrew Mackay, chief Northern Ireland spokesman for the opposition Conservative party, condemned the ambassador's invitation to Mr Adams. "What sort of message does this send to the American people when it is known Mr Adams's trip is being used to raise funds?" he asked.

THE ECONOMY

Minimum wage fears reported

The Northern Ireland economy will be disproportionately affected by the introduction of a national minimum wage by the UK government, according to a report published yesterday. With the incidence of low pay 50 per cent higher than in the rest of the UK, Sir George Quigley, chairman of the Northern Ireland Economic Council, says there are "potential threats as well as opportunities". But Sir George, also chairman of Ulster Bank, warns "many firms are likely to face difficult adjustments in order to maintain competitiveness". The government is committed to an election pledge to introduce a national rate later this year - and has so far ignored the calls from local businesses to make an exception for regions such as Northern Ireland. The Trades Union Congress says "a minimum wage level of somewhat above £4 (\$6.80) an hour is practical". But the NIEC report, says more than 38,000 people in Northern Ireland are currently working for £3 an hour or less.

INTERACTIVE DIGITAL TELEVISION

Brussels to give all clear

The European Commission is expected to approve the launch of British Interactive Broadcasting, the digital television venture, without forcing British Telecommunications to put out, according to officials. Indications that the deal will be given the green light by European Union regulators come as Brussels nears the end of its anti-trust inquiry into BSB, in which BT and the BSkyB satellite television network each have a 32.5 per cent stake. The venture, in which HSBC's Midland bank offshoot and Matsushita Electric have holdings, will offer home shopping, banking and other services. Commission officials will shortly present Karel Van Miert, competition commissioner, with a proposal outlining acceptance of the deal. It is understood that there could be some less significant alterations - as yet undisclosed - to BT's role in the venture. Emma Tucker, Brussels.

EU SOCIAL FUND

\$267m for lifelong learning

The government is to receive £160m (\$267.2m) from the European Union's social fund over the next two years to support lifelong learning and its proposed University for Industry. This marks a break with the previous government's refusal to accept money from the fund that is earmarked for the support of industries facing decline. David Blunkett, education and employment secretary, said: "We are putting behind us the way the previous government eschewed the European Union." Andrew Bolger, London.

MANCHESTER

Gangs hit business confidence

Rampant lawlessness among gangs in Manchester's dubland is seriously undermining investor confidence in the city, Richard Leese, leader of the northern England city's council, has told police chiefs. In a strongly worded letter, Mr Leese says the city faces "a crisis that your officers seem either unwilling or unable to address. This situation cannot continue".

Gang violence has been a problem for years although police say shootings have fallen sharply since the mid-1990s, when there were on average three a week. However, there have been four shootings in Manchester in the past fortnight, one fatal. Peter Harris, chief superintendent of the Manchester police north division, said yesterday the police were "neither unwilling nor unable" to tackle crime. "And I would dispute the use of the phrase rampant lawlessness although it would be wrong to say there is no problem. There is a problem and maybe we could be doing a little more," Simon Targett, London.

PAY EQUALITY

Earnings gap 'narrowing'

The earnings gap between men and women graduates narrowed last year, a survey of students in their first jobs showed yesterday. Women earned an average of £12,176 (\$20,350), narrowing the traditional career gap with male graduates, who earned £13,505 - a 10 per cent gap rather than the 16 per cent recorded in 1996. The survey, by Barclays, also showed that a quarter of the UK's 1997 graduates earned less than £10,000 in their first jobs. Ministers have assumed graduates have greater earning power than non-graduates. Barclays found that only 8 per cent of graduates earned more than £20,000. The average salary for graduates six months after they had left university is £12,795. This is much lower than the £18,000 salary average predicted by the Association of Graduate Recruiters, which represents the top blue chip companies offering traditional graduate jobs.

PARLIAMENT

Anti-hunting bill killed off

The bill to ban hunting of live prey with hounds was in effect killed off in the House of Commons yesterday amid protests that Tony Blair, prime minister, had turned his back on anti-hunt campaigners. Supporters of the wild mammals (hunting with dogs) bill accused their mainly Conservative opponents of "tribalist tactics" as the measure was "talked out" during the second and final day of its House of Commons report stage. Mr Blair disappointed animal rights activists when he again failed to vote for the anti-fox hunting bill, which he says he supports. David Winnick, a Labour MP who voted against hunting, said the measure had been subjected to "parliamentary vandalism" by its opponents. "It was carried by a very substantial majority on second reading and, in our view, that reflects the feeling in the country," he said. Liam Halligan, London.

FINANCIAL TIMES

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Taxation and sin

Gordon Brown needs some cash. And it is more than probable that Britain's Labour chancellor will be asking the middle-classes to help him out next week. Despite the excellent state of the public finances, he needs the money to implement his pledge to help the workless to become workers.

In his second Budget on Tuesday he will no doubt keep his promise not to raise the rates of income tax. He will keep it to the letter, but little more. Raising employers' National Insurance contributions, for example, may be different from an income tax rise. But, ultimately, its impact will be felt by well-paid employees as wages adjust.

Chancellors have long favoured the taxation of sin, which they define liberally to include driving the company car to a quiet drink with a friend over a couple of cigars. No doubt, as the son of a Scottish manse, Mr Brown will want to encourage sobriety. But raising duties on alcohol, tobacco and petrol may not be enough - especially as tax rises on booze and fags yield diminishing returns.

Mr Brown made his raid on the privatised utilities and on pension funds in his July Budget. So if he needs more cash for 1998-99, it will probably have to come from capital gains and inheritance taxes, or by raising employers' National Insurance contributions for the better paid.

Although there may be changes to capital gains tax, on the questionable grounds of promoting more long-term investments, this is not likely to be a big source of extra revenue. CGT yields only about £1bn a year. National Insurance already generates £50bn.

In this more lucrative field, Mr Brown can offer a respectable argument for taxing better-paid jobs to help people struggling up the income ladder. At present, employees must pay a 10 per cent National Insurance contribution from only £3,224 a year, well under the threshold for income tax.

Poverty trap

This has long been recognised as a disincentive to employment and is one of the barriers which Mr Brown is likely to tackle in his welfare to work package. Reducing the effective rate for the lowest-paid could cost about £2bn. And he could easily spend another £1bn to £2bn reducing the "poverty trap" faced by families whose in-work benefits are withdrawn as they move up the income scale.

The cost of such reforms combined with the demands for more

cash for health and education, are likely to present the chancellor with a significant bill, perhaps £50bn or more. Some believe he could easily afford to meet it without significantly raising taxes elsewhere. After a £3.5bn surplus in the first 10 months of this financial year, the final deficit is likely to be well below the £9.5bn which the Treasury forecast in its Green Budget in November.

In principle, therefore, Mr Brown could probably spend £50bn or so, while still keeping his forecast for public borrowing on a downward track. It is unlikely, however, that he will want to ease the fiscal stance in this way, and he should not do so. First, forecasts of public deficits are notoriously uncertain. On past form, an error of that £50bn can be expected in projections for three years ahead. Since Mr Brown wants to hold borrowing below public investment over a complete economic cycle, this figure represents a safety margin for prudent management.

Inflation target

Secondly, the continued rapid expansion of the domestic economy is endangering the government's inflation target of 2.5 per cent. Despite the downward revision yesterday of figures for national output in 1997, fourth quarter output was buoyant - although external trade is beginning to be hit by the strong pound. This is not a time for fiscal loosening. True, control of inflation is now the responsibility of the Bank of England, but next week's Budget must help rather than hinder its task.

The Bank's monetary policy committee showed this week that it is split on whether interest rates need to go up further from the present 7.25 per cent. Those opposing a rise are worried about the effect of high interest rates on manufacturing industry, at a time when the economy may be starting to slow down sharply. The others point to the continued inflationary pressures in the domestic economy and the overriding need to meet the government's inflation target.

This argument may take some time to resolve. But it would be folly to complicate it by a change in fiscal policy. Mr Brown's best course is to sit tight, keep pushing the deficit down, rejig National Insurance payments cautiously - and make the middle-classes pay in their pleasures.

As a price for shortening Britain's dole queues, some, at least, may consider such taxes a virtue.

Well, that's all right then. For a moment there, things were a little scary.

The comforting planetary parochialism which says that everything of consequence is decided on the surface of the earth came under attack. Just as Londoners find the concept of culture in Leeds hard to accept, just as the idea of a Belgian software firm looks a little silly in Silicon Valley, so earth-dwellers tend to find the idea that things beyond our planet really matter - well, a bit funny.

For a day or so this week, that complacency wavered. The world was forced to think, for a moment, about the fact that the human environment does not end at the top of the atmosphere. On Wednesday the International Astronomical Union's Central Bureau for Astronomical Telegrams (yes, it uses e-mail) announced that the mile-wide asteroid 1997 XF11 stood a small - but not completely negligible - chance of hitting the earth on October 26 2023.

Such an impact would be a very bad thing indeed. If an asteroid that size hit dry land, the shockwave and fire would scour the life from a fair-sized country; if it hit one of the great ocean basins the resulting waves would drown thousands of miles of seaboard, cities and all; either way, the impact might well throw enough muck and/or steam into the atmosphere to cause a short, sharp climatic change, a non-nuclear winter that would wipe off one or more agricultural growing seasons all around the world. If so, billions could starve.

The calculations that put 1997 XF11's trajectory about as far above our heads as a TV satellite, included Armageddon, fired imaginations all over the globe. It also set the small world of searchers-after-asteroids frantically checking their records.

The calculations, based on observations made since the asteroid's discovery late last year, showed not only where 1997 XF11 would be in the future, but also where it had been in the past. A picture taken in 1990 was found showing the then-undiscovered asteroid, and with the help of this piece of far-flung data the orbit was recalculated with greater accuracy. The result is that this time the world dodges the bullet - 1997 XF11 will pass at a decorous distance of some 1m kilometres.

Planetary parochialism may now reassess itself, perhaps with a vengeance. Astronomers who devote themselves to finding and tracking the asteroids and comets that occasionally cross the earth's orbit will probably sink back into obscurity, unfairly derided for having cried wolf.

In fact this small band - enough people to run a small McDonald's, as one of them once put it - do a rather remarkable scientific job with sparse

resources at a time when they could be forgiven for becoming somewhat dispirited. Their days are old - in the case of Gene Shoemaker, whose team discovered the comet that gave Jupiter a good seeling a few years back - dead. Their programmes are marginal and underfunded. The UK puts no money into looking for nearby asteroids in spite of the fact that one of its telescopes in Australia is perfect for the job. As a result of such neglect, most of the 2,000 or so asteroids as big as 1997 XF11 in orbit that might lead to a collision with the earth are still undiscovered.

Finding them would not be that difficult, but it would require moderate and consistent expenditure. That would ensure that the giants of the field such as Tom Gehrels, who runs the Spacewatch programme that found 1997 XF11, or Eleanor Helin, whose Palomar survey turned up the pictures which narrowed down its orbit, could rest easy in the knowledge that their work would carry on without them.

Ironically, on Thursday researchers announced the discovery of the most distant galaxy ever seen. Astronomers and cos-

mologists dote on such far-off objects for fine intellectual reasons; these distant beacons teach us about the history of the universe and may even reveal some of the forces shaping that history. However, they have no relevance other than the intellectual. The light we see from them has been travelling since before the sun was born.

Some asteroids are made of almost pure metal - metal that, if mined, may be worth hundreds of billions, or trillions, of dollars

If a small fraction of the money that is spent on looking at the most distant objects in the universe went into looking for the nearest, a thorough survey of the potential threats would be possible in a couple of decades. If it were discovered that an asteroid were headed our way - and the odds are against that - the actual impact would still, in all likeli-

hood, be decades or at least years away. That would provide enough time to try to do something about it with nuclear explosives or, if the impact were really a long time in the future, some more gentle form of celestial suasion.

It may be that this week's brush with the possibility of catastrophe will clarify some policymakers' minds and that a serious survey will be funded. All it takes is an understanding that not everything in space is irrelevant to the earth.

Last week we saw some of that understanding when NASA announced that ice had been discovered on the moon, a piece of hoopla which introduced to a lot of people the idea that there are natural resources in space that could be used to make its exploration cheaper or even, in some cases, profitable.

In this respect the moon may prove to be something of a red herring. The real action lies among the asteroids. They are not only objects that may obliterate the world but may, hugely enrich it. Some asteroids are made of almost pure metal, metal that, if mined, may be worth hundreds of billions - even trillions - of dollars. There are asteroid-

like bodies in similar orbits which seem to be old comets, hot and dry on the outside but icy within. Like mountain-sized baked alaskas. One such object might contain more water than the whole moon. And water is very valuable in space, basic to life support systems and to rocket propulsion.

Asteroid exploration has not been a high priority for space explorers, any more than asteroid surveys are important to ground-based astronomers. But three asteroids have been photographed by probes on their way elsewhere, and soon a small NASA spacecraft will catch up with the asteroid Eros and accompany it around the sun for a year.

The fact that spacecraft are becoming much cheaper may mean there will be more such missions. A company called SpaceDev, based in San Diego, is planning to build a spacecraft and send it to an asteroid for only \$50m, the cost of which will be borne by experimenters and space agencies paying for their instruments to be taken along or for data that others send back. In the long run, SpaceDev would like to be in the asteroid mining business.

Less profitable, but perhaps more stirring, is the possibility of using extraterrestrial natural resources to assist the exploration of Mars. In 1990 Bob Zubrin, an aerospace engineer then with Martin Marietta and now running his own company, suggested a means of getting to Mars far cheaper than those then being considered by NASA.

His idea turned on the fact that the Martian atmosphere could, with ingenuity and a little added hydrogen, be turned into rocket fuel. So spacecraft could be landed on Mars with their fuel tanks empty, and stripped of the enormous expense of sending enough fuel along for the return journey. That would make missions to Mars considerably more affordable. Explorers on earth have always done best when they have learned to live off the land, argues Mr Zubrin. Why should space exploration be any different?

There are things for human explorers and exploiters to use on the moon, among the asteroids and on the surface of Mars. Natural resources are not limited to the surface of the earth - and nor are natural disasters - just because humanity is.

In fairness, the parochial prejudice that limits our serious thinking to one planet does not do humanity much harm. The moon is not the most exciting desert under the sun. Martian exploration is not the most important priority for humanity, and we will not need the all-but-limitless mineral wealth of the asteroid belt for some while.

That said, the prejudice doesn't do much good, either. It robs us of a richer, grander view of our world. And it might - just might - get us all killed.

When worlds collide

Asteroid 1997 XF11 will miss the earth. But the discovery that such things are capable of destroying the planet may teach us to become less parochial, says **Oliver Morton**



LETTERS TO THE EDITOR

Power cut fails to get mention

From Mr John V. Woodman.

Sir, There is enough, sex and sudden death on the telly, so my only daily paper is the FT.

The first mad cow would have been real news; now we have the first complete failure of a privatised electricity supply in Auckland ("Power cut in NZ" will hit output", February 24) and Max Wilkinson ("Battle with the past", March 10) has failed to mention it in his unbalanced praise of utilities privatisation.

John V. Woodman,
Foresters,
Sway Road,
Lymington
Hampshire SO31 8LR, UK

Support to end duty-free sales ignores the real issues

From Mr Guntram Brendel.

Sir, Ever since my student days at the London School of Economics, I have held your paper in very high professional regard. I am, however, appalled by your editorial, "Drink problem" (March 10), as it is ill-considered and unsubstantiated.

The Swiss Duty Free Association is following this issue on the sidelines with interest and we have read the studies commissioned in some detail. I can confirm that the authors have approached their subjects on the basis of scientific principles and not after having been "fed the right assumptions". Perhaps the

FT could supply its readers with the factual data on which it bases its statements that "the ending of duty-free concessions will increase the tax take and this cash can help to create jobs in other sectors".

The real facts are that around Europe duty free provides jobs, cheap travel for consumers and additional revenue for governments. Why does your leader choose to ignore these issues?

Guntram Brendel,
President,
Swiss Duty Free Association,
Petersgasse 36,
4001 Basel, Switzerland

Naive hope for Swiss economy

From Mr Christoph C. Zumbstein.

Sir, Your article on the Swiss becoming more favourable to integration ("Time to join the club", March 7) expresses the view that on integration into the EU could improve Switzerland's economic stagnation and solve the problem of the relatively high unemployment.

This view is rather naive, since all relevant indicators clearly show that most of Switzerland's economic difficulties are mainly home-made.

There is considerable evidence that joining the EU might even worsen some of Switzerland's problems, and that the Swiss would face even higher unemployment, higher interest rates and higher taxes. But, alas, politics often have little to do with proven facts, and spelling out an economic truth which is unpopular may cause serious damage to your political career.

As long as Switzerland's political establishment is not capable of reversing some of the policy mistakes made in the recent past in social, tax and administrative legislation - the British have proved it can be done - there is little hope for sustainable economic improvement.

The Swiss are well advised to put their own house in order and to stay away from further integration until they have done so; to wait and hope that an EU membership would improve things would be a big mistake.

Christoph C. Zumbstein,
The Field House,
Chipstead,
Surrey CR5 3QU, UK

UK banks could be ready for joining Emu by 2005

From Mr John C. Townsend.

Sir, We are grateful for the interest shown by the FT in the Bank's Practical Issues publication. But it is disappointing that the entire focus of your story ("Emu entry may not be possible until 2005", March 13) was on the banking (and other) retail preparations necessary next century for the UK to join the single currency, whereas Practical Issues reports mostly on the necessary wholesale market preparations, which are well in hand, for the City to be ready for the euro in just 200 days' time.

It is even more disappointing that your story appeared under a quite misleading headline suggesting that UK banks will not be ready before 2005. The headline was not in fact substantiated by the article itself.

Practical Issues actually says,

on banks' prospective retail preparations: "The British Bankers' Association, after consulting its membership, estimates that a minimum of three years would be required from the point at which they began to make significant investments to the date for the introduction in the UK of euro notes and coins... There is a question about how much of this period would take place before UK entry. Absolute certainty (about the date of entry) is unlikely to be required... One possible trigger for UK institutions to start investing would be the state of preparations in the public sector, as a signal of the government's intentions. Another relevant factor would be if the pace of demand for euro facilities began to develop in the UK, even while it remained 'out', beyond the capacity of the banks' available systems to cope. Furthermore, the fact that... the banks collectively wish to minimise the 'dual currency' period between the date of entry and the date for introducing euro notes and coins, because it is costly, may itself give an incentive for greater preparation ahead of UK entry. But banks are unanimous that they will not begin to develop retail systems for the euro until preparations for the millennium have been completed."

On this basis, the banks could be ready considerably before 2005.

John Townsend,
deputy director,
Bank of England,
Threadneedle Street,
London EC2R 8AH,
UK

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FAMILY IN THE NEWS THE WALLENBERGS

Evolution of an empire

Sweden's most powerful family is embracing gradual business reforms, says Tim Burt

When foreign heads of state or industrial leaders visit Sweden they usually try to meet the king, the prime minister and the Wallenbergs. Though not necessarily in that order.

That, at least, is the claim of senior managers at the Stockholm headquarters of Investor, the sprawling investment company founded 82 years ago by the Wallenberg family. The business set up during the first world war as a loose-knit holding group, has grown into an empire with controlling stakes in companies accounting for more than 40 per cent of the Swedish stockmarket.

This week saw two potentially profound reforms of the family's business. First came a restructuring of the shareholding pattern through which the family influence is maintained. Then came a board shake-up which promoted the younger generation of Wallenbergs, while also bringing outsiders in to scrutinise the family concerns more closely.

If this were the Faroe

Islands or Malta, the power of a single family might not matter much. But Sweden is Scandinavia's largest economy by far. Its industrial companies include global leaders such as Ericsson, the telecommunications group, the bearings manufacturer SKF and Astra, the pharmaceutical group behind Lescage, the world's best-selling prescription drug.

All three companies - and others such as Saab, Scandinavian Airlines System and Stora, the paper group - are part of the Wallenberg sphere and have family members or their nominees as board members.

For several decades the empire has been run with an underlying credo of long-term ownership. Peter Wallenberg, the 71-year-old family patriarch and former investor chairman, says: "Our policy has been only reluctantly to give up companies with temporary problems. Instead, we have stayed put, remained an active owner and tried to set things straight."

That policy was yesterday firmly entrusted to the new generation of Wallenbergs,

Peter's son Jacob and nephew Marcus. Jacob, 42, chairman of Skandinaviska Enskilda Banken, the family's financial flagship, was appointed to the board at Investor and Electrolux. Marcus, 41, already chief financial officer at Investor, was named deputy chairman of Stora. It confirmed that the "boys", as Peter calls them, have been promoted to lead Investor into the next century.

The new Wallenberg duo represent the more international nature of the family dynasty. Jacob, for example, studied at the University of Pennsylvania's Wharton School before stints in New York and London working for JP Morgan and Hambros Bank. Marcus, similarly, came to Sweden from Stanford. Nevertheless, both have been schooled in Wallenberg traditions. Shy, but not secretive, they have learned not to flaunt their wealth - although the trappings of yachts, grand houses and hunting have not been ignored altogether.

More important than the generational shift may be the recruitment of a cadre of outsiders to scrutinise the family's management strategy. This is the latest stage in a quiet upheaval in the Wallenberg empire, spearheaded by Peter Wallenberg, the mercenary Swedish industrialist who last year succeeded Peter Wallenberg as chairman of Investor. Industry analysts believe Mr Wallenberg was instrumental in persuading conservative family members to agree to an overhaul of Electrolux's shareholder structure.

On Tuesday, Electrolux said it planned to reform its weighting of A and B shares. The effect of this was to dilute the influence of the Wallenbergs. Before the changes, the Wallenbergs controlled 93.8 per cent of the voting capital with only 4 per cent of the equity. By increasing the voting rights of the B shares, the control of the Wallenbergs will be slashed to 22.3 per cent.

Claes Dahlbäck, chief executive of Investor for the past 30 years, says the move shows the Wallenbergs are responding to pressure for change from institutional shareholders. "Electrolux

was the most urgent case to address, and the family are strongly behind it, particularly Marcus and Jacob."

Peter Wallenberg, while more cautious than his family's younger generation, is said to have embraced the changes philosophically. Old friends of the chain-smoking patriarch claim it proves he subscribes to his own father's mission statement: "The only tradition worth preserving is shifting from what is in the past to what lies in the future."

Further reforms, though, will be gradual. There are no plans, for instance, to change the bias towards A shareholders in companies such as Ericsson and SKF. Mr Dahlbäck says structural changes, such as the disposal of underperforming assets, will take place before the family corrects other shareholder anomalies.

Mr Wallenberg's appointment as head of Investor was seen as a sign of the Wallenbergs' willingness to divest its stock market donkeys and concentrate on the thoroughbreds, notably Ericsson and Astra. Under him, Investor has pushed more



The Wallenbergs: Peter (centre) with nephew Marcus (left) and son Jacob

resources into start-up companies, expanded its private equity investments and concentrated more on faster-growing stocks in areas such as healthcare, telecommunications and information technology. It has also decided to abandon civil aircraft manufacturing at Saab Aerospace and is expected to sell all or part of its remaining 50 per cent holding in Saab Automotive. Stakes in underperformers such as Stora and SKF may also be reduced.

Investor insiders say all this has been done with the blessing of the Wallenbergs. It reflects acceleration of existing plans rather than a complete change in direction. They reject, rather forcefully, the claim that Mr Wallenberg has embarked on the first revolutionary act at Investor since the infamous 1920s incident when Marcus Wallenberg, Peter's father, tried to get a horse through the revolving doors of New York's Plaza Hotel.

Mr Dahlbäck says Investor has a record of abandoning slow growth areas and has a far from sluggish financial record, with compound growth of more than 20 per cent over the past 25 years. His view is echoed by other investor insiders, who say that the new generation of Wallenbergs have been groomed to pursue evolution rather than revolution. "Marcus and Jacob have been extremely well prepared for the tasks," says one senior manager. "Percy is in place for the moment, but they will take on extra responsibilities when the time is right."

Barrow boys in cyberspace

Edward Luce and Samer Iskandar look at the conflict between humans and computers in futures trading

Armourers, buggy-whipmakers, type-setters - and futures traders? Might these brightly-bladed, arm-waving types, the epitome of the aggressive financial dealer, be about to join the long list of vanished crafts - victims, like the others before them, of technological change?

This week, London's last big trading floor got an intimation of mortality. The London International Financial Futures and Options Exchange decided to switch to electronic screens by the end of next year. Although traditional "open outcry" pit trading will continue at first, most say it will only be a matter of time before Liffe's trading floor withers away. Two days later came the announcement of merger talks in America between two stock exchanges, Nasdaq and Amex. This could result in the closure of the Amex's trading floor, in favour of Nasdaq's electronic platform.

These events have business and market significance. But they represent a social and cultural shift as well. Intuition, vulgarity, yelling and human interaction are out; flickering screens, data processing and economics degrees are in. "The difference between trading on a floor and trading on a screen is the difference between going to a sweaty nightclub and accessing a dating agency on the internet," says one trader. "They are completely different."

With such shifts, logic is usually on the side of the new technology, romance and curiosity on that of the craft. So it seems to be with futures and stock trading. Backers of electronic trading believe it to be superior because, they say, the technology is more efficient and much cheaper.

Admirers of floor trading,

however, say that something intangible would be lost with the extinction of open outcry. "Floor trading provides the social element which people can understand - the physical transaction," says Anthony Bellchambers at the Futures and Options Association in London. "It also provides something visual to demonstrate the vibrancy of financial culture."

Those who worry about the possible loss of floor trading generally fall into two types: those who like tradition for its own sake (the coloured jackets traders wear, the complex hand signals they use); and those who say that it maintains something more vital, namely liquidity (the ability to buy and sell with consummate ease at any time).

At the heart of the concern is the "local", an entrepreneurial speculator who trades with his or (more rarely) her own money. The local, who is more often than not someone without many formal educational qualifications, relies on wits and street skills to play the market.

"A local does not care what it is he is buying or selling and doesn't need any external information to carry out his role successfully," said Gedon Herishben, managing director of G.H. Financials, a member of Liffe. "He or she gets his information from knowledge of the pit and of what others are buying or selling."

By taking purely technical positions often for a few seconds only, the local provides the liquidity for traders who execute orders solely on



behalf of third parties. A theoretical understanding of the underlying cash instruments - whether it be bonds, currencies or interest rates - is considered more of a hindrance than a help.

Essential to the local's role is the knowledge of hundreds of hand signals, almost a language in its own right. "When there are literally hundreds of people around you in different coloured jackets yelling at the top of their voices, it takes a very particular type of skill to remain calm and carry out intelligent trades," says one

former local. The majority of locals - more than 80 per cent according to some estimates - rely on "scalping": they buy and sell almost simultaneously and pocket the difference between the buying price (bid) and selling price (offer). The aim is to execute the two sides of the trade as quickly as possible so the market does not move against you in the meantime.

"To scalp successfully you have to spend as much time as possible on the floor," says one local. "It is very important to get to know the

other people in the pit."

That is one reason relationships are so important on the floor. Another is physical proximity: trades are mostly executed with the nearest person willing to trade or someone with a familiar face.

None of this is true for most screen-based traders. For them what matters is what is on the screen in front of them. The differences in trading technique and physical environment produce entirely different skill requirements. According to one head of derivatives at a bank in London, applicants for screen-based trading require at the very least a degree in economics.

The same banker used to work for a broker who frequently hired floor traders. "Most of them didn't have an A-level [high-school diploma] between them," he says. "What we would look for was 'pit presence' - a streetwise attitude. For screens you need people with a solid theoretical understanding of the markets because raw data is the only information they are going to get."

Does this mean that locals will become defunct in a world of electronic trading? In the long term, they are likely to be much less numerous. "Many floor traders will simply have to look elsewhere for employment," says the head of derivatives at a US investment bank in London. "Some will be able to adapt but there will simply not be the capacity to absorb more than 10 or 15 per cent of them."

But even if there are fewer of them, locals will still play a role in the new world. Indeed, Jonathon Cowan, head of Westminster Clearing, a brokerage subsidiary, believes locals are vital to electronic trading.

"You have to have locals to provide the market with liquidity," he says. "It requires very different skills but it is perfectly possible."

On Monday, Westminster Clearing will open a trading floor full of screens for former open outcry locals to trade contracts offered on the Deutsche Terminbörse, Germany's rival to Liffe whose success with its Frankfurt-based electronic exchange lay behind London's sudden decision to start its own electronic system.

People such as Mr Cowan believe that the transition will be much easier for the younger traders and those who are already acquainted with computers at home. For some of the older traders - many of whom joined Liffe when the London Stock Exchange closed its pits in 1988 after the "Big Bang" - the transition may prove too difficult. "These people are set in their ways," says a member of Liffe. "For some, all they know is floor trading. This is where they made their fortunes."

For some, though, the question of how many floor traders will be able to navigate the changes is secondary. A great social opportunity will have been closed off if all trading becomes electronic and traditional skills die. "Floor trading was a wonderful way for the less privileged to enter the City of London," says one executive.

Enemies in all directions

The pacifist policies of ethnic Albanians in Kosovo are in danger, says Guy Dinmore

Imagine you are the leader of a self-declared state recognised by no one and occupied by your enemies. For nearly 10 years, you kept your head down, and hopes of independence alive, by patiently constructing a parallel government on the basis of non-confrontation. Now imagine that you are attacked not just by rivals without, but by militants within, who now fear that non-confrontation is not enough. That is the position of Ibrahim Rugova, the political leader of ethnic Albanians living under Serbian rule in Kosovo province.

Mr Rugova could have had the strongest personal motivation for revenge against the Belgrade regime. He was five weeks old when his father and grandfather were executed by Tito's communists in 1945. But Mr Rugova has refused to abandon a heartfelt, but what he also sees as pragmatic, commitment to non-violence.

Two weeks into a ruthless crackdown by Serbian police forces that has claimed about 90 lives in central Kosovo, Mr Rugova's pacifist policies are in danger of being swept away by a flood of ethnic blood-letting. He fears being unable to restrain the thirst for retribution among Albanians who have seen women, children and old men killed, and their homes reduced to rubble in what Belgrade portrays as a "terrorist" operation against the "terrorists" of the separatist Kosovo Liberation Army (UCK).

"The military goal of Serbia is of ethnic cleansing of Kosovo, a kind of blitzkrieg although we make up 90 per cent of the population," Mr Rugova says in an interview in his cramped office in the provincial capital of Pristina.

Acts of revenge, he warns, would merely give Slobodan Milosevic, the president of rump Yugoslavia, a pretext to widen the offensive.

Mr Rugova, president of the self-declared Republic of Kosovo since Albanians held semi-underground elections in 1992, is under threat from many quarters. The US and European governments, while condemning Serbia's repressive policies, oppose his goal of independence. The rebel UCK, funded by Kosovan exiles in Europe, has called for a popular uprising. Even within Mr Rugova's party, the Democratic League of Kosovo (LDK), and among a new and increasingly radical generation, there are calls for a more confrontational, though still non-violent, opposition to Serbian rule. Simultaneously (though at the moment silently) there are those who are waiting for the likely failure of talks between Mr Rugova and Belgrade to put forward their own plan for something less than full independence.

A soft-spoken man with a doctorate in semiotics and a passion for literature, Mr Rugova peers over his glasses and laughs gently at his predicament. "There is

no damage done by being too reasonable. I am the president and people have the right to criticise. I don't take it with bad feelings. To be democratic, as the Albanians say, sometimes you have to eat hot stones."

He defends his policies of building up a parallel government, with its own education, healthcare and taxation systems, while avoiding more overt actions such as mass protests that would invite Serb reprisals. "Our main achievement is that we have avoided open conflict and that Kosovo is still full of Albanians," he insists.

While there is mounting frustration among Kosovans at the Serb attacks, Mr Rugova is still thought of as the nation's founding father. This was illustrated last week at a funeral attended by 50,000 mourners for 24 victims of the crackdown. When Luljeta Pula-Begri, an opposition politician, took the stage and started to lay part of the blame for the deaths at Mr Rugova's door, the vast crowd began chanting "Rugova, Rugova".

Hajdjet Hyseni, an LDK vice-president who spent eight years as a political prisoner, also urges Mr Rugova to make a more direct challenge to Mr Milosevic. "The policy of extreme pacifism has stimulated a radical reaction [among Kosovans]," Mr Hyseni warns. "If Belgrade persists in imposing an unjust solution I'm sure our policies of non-violence will be more discredited and encourage the radicals even further."

How to deal with the UCK militants has also split Mr Rugova's party. While Mr Hyseni and virtually all Albanians see the rebels as defenders of their land, Mr Rugova tries to dodge the issue by saying they do not exist as an organised force. "Frustrated people," he calls them, and says he repeatedly sent messages urging them not to carry out "acts of individual bravery".

For the moment there is no one to challenge Mr Rugova outright. He and his party are assured of victory in elections planned for March 22 (but will not be recognised by Belgrade). His heroes are Martin Luther King and Gandhi. His policy is for the long term. As Serbs steadily migrate from Kosovo, driven by poverty and a sense of insecurity to leave the land that was the cradle of their medieval civilisation, it will become harder for Belgrade to justify its 1989 decision to strip the province of its autonomy.

Autonomy alone would not satisfy Mr Rugova, who is committed to full independence. But waiting in the wings are more pragmatic, less popular politicians who might, with US support, negotiate with Belgrade for autonomy. And in the hills of central Kosovo and the mountains along its borders there are still the men with guns.

Brave New York

Richard Tomkins on the inspiration Hizzoner Mayor Giuliani draws from Plato

Quick: which big international city is ruled by a repressive authoritarian government which ruthlessly enforces severe punishments for people caught dropping gum wrappers in the street, carrying unopened bottles of beer out-of-doors, or playing music too loud?

Which city has all but banned dancing? Maintains a watch on its citizens with police video cameras in the streets and public parks; forbids fireworks; prohibits smoking in restaurants and the workplace; prosecutes people for crossing the road in the wrong place; and has passed a law banning sex shops and topless bars?

Yes: welcome to Singapore's twin city, New York. Or to be more precise, meet Mayor Rudolph Giuliani, who has embarked on a mission to oust Lee Kuan Yew as the world's foremost nanny statist.

Five years ago, Mr Giuliani, a former US attorney, ran for office on a tough law-and-order ticket. Soon after becoming mayor, he started cracking down on squeegee men, drug peddlars, beggars and prostitutes. Crime fell; the mayor took the credit, though crime had plummeted in other big cities too; and at the end of last year, Mr Giuliani rode a wave of gratitude to be re-elected to a second term.

Now, giddy with the suc-

cess of his "quality of life" campaign, Mr Giuliani has begun to extend it. In January, he astonished New Yorkers by announcing a crackdown on jaywalking, using a previously unenforced law that prohibits pedestrians from crossing the street except at designated spots when they have the "walk" light.

Hitherto few New Yorkers had realised that jaywalking was an offence that impinged on others' quality of life, still less one that put them in the same class as fare dodgers or public urinators. But Mr Giuliani told them the measure was necessary to save lives, and the protests died down.

Then, two weeks ago, it emerged that the jaywalking episode had been but a taster for a wider agenda when Mr Giuliani made a keynote speech announcing plans to take his "quality of life" crusade into the realms of personal behaviour.

"Does everybody remember Plato?" Mr Giuliani asked his audience of 150 city officials. Ignoring the awkward silence, he continued: "Plato developed the notion of the ideal. You never reached it, but in striving to get there, you kept making improvements

in society. The ideal republic, the ideal state of honesty, the ideal state of integrity, the ideal state of cleanliness or safety."

As a first step towards this platonic ideal, Mr Giuliani proposed a ragbag of measures such as classes in school to teach youngsters civility and respect, the introduction of a dress code for teachers, a campaign against rudeness by bureaucrats, and a crackdown on blaring car alarms, litter and reckless driving.

Meanwhile, Mr Giuliani has also been waging a war against the sex industry. Times Square and 42nd Street, once renowned for

leaze, have already been thoroughly sanitised; and next week, subject to the outcome of a last-ditch appeal, the mayor plans to enforce a law that will eliminate sex shops and topless bars from all residential neighbourhoods, effectively banishing them from the city.

Earlier measures have included a crackdown on noisy music, one side-effect of which has been to make it almost impossible for bars or clubs to get a dance licence; a total ban on fireworks in anything other than official displays, even extending to firecrackers at Chinese new year; and a

campaign to clear the streets of beggars and homeless people.

Mr Giuliani's predisposition towards discipline and self-righteousness has its roots in his strict upbringing. A Catholic, he was educated at religious schools in Brooklyn and the all-male Roman Catholic Manhattan College, where he considered entering the priesthood before opting for law.

The New York Times once said it was as if his cultural and psychic sensibilities were frozen in about 1961, describing him as "so square that he started an opera club in high school...so corny that he proposed to his current wife at Disneyworld...so accepting of authority that he says the nuns and brothers who taught him were right to smack him around, because he often deserved it."

But surprising as it may seem, New Yorkers seem for the most part to share Mr Giuliani's lust for self-flagellation. The city once known for its in-your-face rudeness appears more than happy to be transformed into a tranquil outpost of Disneyworld in which good behaviour is enforced by ubiquitous heavy-handed policing. Mr Giuliani is cur-



Plato: inspiration for Giuliani Picture: Mary Evans

Price of oil at lowest for nine years

WEEK IN THE MARKETS

By Robert Corzine and Paul Solman

World oil prices hit nine-year lows this week as hopes faded that the Organisation of Petroleum Exporting Countries might take action to try to stem the spreading damage in world crude markets.

Yesterday, Opec announced that a ministerial monitoring committee scheduled for Monday had been put back, ostensibly because one of its members – the Kuwaiti oil minister – was required in his country's legislative assembly.

But many observers saw it as one more sign of the inability of the exporters' group to agree on how to tackle the price weakness. Crude prices have fallen 40 per cent over the past five months and the collective revenues of Opec member states are thought to be running \$200m a day lower this quarter than for same period last year.

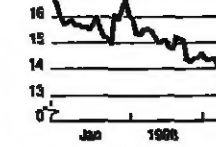
The bellwether Brent Blend contract for April delivery finished yesterday, and was quoted at \$13.16 a barrel in late London trading, 19 cents up on Thursday's close.

Palladium jumped to an 18-year high of \$275 an ounce in London yesterday morning amid fears that Russian president Boris Yeltsin's respiratory illness would further delay supplies of the metal. Russia is the world's main producer of palladium. The price eased \$2 in the afternoon, fixing at \$273.

Gold was "fixed" higher in

Brent blend oil price

2-month forward (\$ per barrel)



LME warehouse stocks*

Year	1997	1998	Change
Aluminium	254.8	254.8	-
Aluminium alloy	42.8	42.8	-
Copper	359.2	359.2	-
Lead	102.8	102.8	-
Nickel	55.1	55.1	-
Zinc	477.8	477.8	-
Tin	8.0	8.0	-

* Thursday's close

London yesterday afternoon, at \$294.55 an ounce compared with the morning fix of \$295.15.

The London Metal Exchange yesterday published its policy on European economic and monetary union. Trading will continue in US dollars, but clearing – permitted now in sterling, D-Marks and yen – will be extended to the euro from January 4 1999.

LME three-month copper failed to hold on to the day's highs of \$1.839 a tonne, closing down \$6 at \$1.819.

On the London International Financial Futures Exchange, cocoa added to Thursday's gains after reports of shipment problems from Ivory Coast, and the benchmark May contract ended \$10 higher at \$1,081 a tonne. May coffee finished \$5 lower at \$1,675 a tonne.

Gold was "fixed" higher in

WEEKLY PRICE CHANGES

Commodity	Unit	1997/98	1998/99	% Change
Gold (per troy oz)	\$	252.05	252.05	0.00
Silver (per troy oz)	\$	395.50	395.50	0.00
Aluminium (per 100 lb)	\$	214.45	214.45	0.00
Copper (per 100 lb)	\$	359.20	359.20	0.00
Lead (per 100 lb)	\$	102.80	102.80	0.00
Nickel (per 100 lb)	\$	55.10	55.10	0.00
Zinc (per 100 lb)	\$	477.80	477.80	0.00
Tin (per 100 lb)	\$	8.00	8.00	0.00
Cocoa (per 100 lb)	\$	1,081.00	1,081.00	0.00
Coffee (per 100 lb)	\$	1,675.00	1,675.00	0.00
Wheat (per 100 lb)	\$	1.839	1.839	0.00
Barley (per 100 lb)	\$	1.819	1.819	0.00
Oats (per 100 lb)	\$	1.819	1.819	0.00
Rice (per 100 lb)	\$	1.819	1.819	0.00
Soybeans (per 100 lb)	\$	1.819	1.819	0.00
Wheat (per 100 lb)	\$	1.819	1.819	0.00
Barley (per 100 lb)	\$	1.819	1.819	0.00
Oats (per 100 lb)	\$	1.819	1.819	0.00
Rice (per 100 lb)	\$	1.819	1.819	0.00
Soybeans (per 100 lb)	\$	1.819	1.819	0.00

For latest values see Financial Times, 14 March 1998, p. 10.

WORLD BOND PRICES

US data put Europe into reverse

GOVERNMENT BONDS

By Vincent Boland in London and John Labate in New York

Markets moved lower yesterday after a week of good gains. European markets closed down in thin trading after the release of US data on producer prices and consumer confidence, pushed the dollar down.

US TREASURIES edged lower by early after-

noon. The benchmark 30-year bond fell 1/8 to 103 1/8, sending the yield higher to 5.875 per cent. The two-year note lost 1/8 to 100 1/8, yielding 5.486 per cent, and the 10-year note fell 1/8 to 99 1/8, yielding 5.578 per cent.

Analysts continued to cheer the signs of deflation in wholesale prices. PPI for February was down 0.1 per cent. In a surprise to some, the core PPI figure, excluding the volatile energy and

food sectors, climbed 0.1 per cent on a rise in tobacco prices. Energy prices were down 1.8 per cent.

In a separate report, business inventories were unchanged in January.

GERMAN BONDS led the European markets lower, although analysts said the mood remained relatively good and the turnaround was temporary. The June future settled in London at 107.57, down 0.18, but has risen

strongly this week and is expected to test the 108 level again in the next few days.

UK GILTS also turned down after the release of data on fourth-quarter economic growth, and a warning from a member of the Bank of England's monetary policy committee, which says interest rates, that were raised to a threat to inflation.

The June gilt future settled at 107 1/8, down 1/8, but has risen

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BASE METALS

LONDON METAL EXCHANGE

(Prices from Anonymous Metal Trading)

ALUMINIUM, 99.7 PURITY (5 per cent)

Close 1444-45 1443-44

Previous 1458-57.5 1457-56

High/Low 1470-54 1469-53

AM Official 1463-53.5 1462-52.5

High/Low 1470-54 1469-53

Open Int. 262,379

Total daily turnover 85,577

ALUMINIUM ALLOY (5 per cent)

Close 1262-68 1261-67

Previous 1262-68 1261-67

High/Low 1262-68 1261-67

AM Official 1262-68 1261-67

High/Low 1262-68 1261-67

Open Int. 4,561

Total daily turnover 1,743

LEAD (5 per cent)

Close 556-8 555-7

Previous 556-8 555-7

High/Low 556-8 555-7

AM Official 556-8 555-7

High/Low 556-8 555-7

Open Int. 34,725

Total daily turnover 19,943

NICKEL (5 per cent)

Close 5380-00 5379-75

Previous 5380-00 5379-75

High/Low 5380-00 5379-75

AM Official 5380-00 5379-75

High/Low 5380-00 5379-75

Open Int. 55,430

Total daily turnover 11,400

IN TIN (5 per cent)

Close 5445-50 5444-25

Previous 5445-50 5444-25

High/Low 5445-50 5444-25

AM Official 5445-50 5444-25

High/Low 5445-50 5444-25

Open Int. 5,460-70

Total daily turnover 5,460-70

IN ZINC, standard high grade (5 per cent)

Close 1028-5 1027-5

Previous 1028-5 1027-5

High/Low 1028-5 1027-5

AM Official 1028-5 1027-5

High/Low 1028-5 1027-5

Open Int. 10,516

Total daily turnover 8,355

IN COPPER, standard high grade (5 per cent)

Close 1028-5 1027-5

Previous 1028-5 1027-5

High/Low 1028-5 1027-5

AM Official 1028-5 1027-5

High/Low 1028-5 1027-5

Open Int. 10,516

Total daily turnover 8,355

IN COBALT, standard high grade (5 per cent)

Close 1028-5 1027-5

Previous 1028-5 1027-5

High/Low 1028-5 1027-5

AM Official 1028-5 1027-5

High/Low 1028-5 1027-5

Open Int. 10,516

Total daily turnover 8,355

IN MANGANESE, standard high grade (5 per cent)

Close 1028-5 1027-5

Previous 1028-5 1027-5

High/Low 1028-5 1027-5

AM Official 1028-5 1027-5

High/Low 1028-5 1027-5

Open Int. 10,516

Total daily turnover 8,355

IN VANADIUM, standard high grade (5 per cent)

Close 1028-5 1027-5

Previous 1028-5 1027-5

High/Low 1028-5 1027-5

AM Official 1028-5 1027-5

High/Low 1028-5 1027-5

Open Int. 10,516

Total daily turnover 8,355

IN CHROMIUM, standard high grade (5 per cent)

Close 1028-5 1027-5

Previous 1028-5 1027-5

High/Low 1028-5 1027-5

AM Official 1028-5 1027-5

High/Low 1028-5 1027-5

Open Int. 10,516

Total daily turnover 8,355

IN MOLYBDENUM, standard high grade (5 per cent)

Close 1028-5 1027-5

Previous 1028-5 1027-5

High/Low 1028-5 1027-5

AM Official 1028-5 1027-5

High/Low 1028-5 1027-5

Open Int. 10,516

Total daily turnover 8,355

Precious Metals continued

WORLD COMEX (100 Troy oz, Silver)

Close 255.3 -0.8 255.3

Previous 255.3 -0.8 255.3

High/Low 255.3 -0.8 255.3

AM Official 255.3 -0.8 255.3

High/Low 255.3 -0.8 255.3

Open Int. 1,067,000

Total 1,067,000

PLATINUM (100 Troy oz, Silver)

Close 352.1 -4.2 352.1

Previous 352.1 -4.2 352.1

High/Low 352.1 -4.2 352.1

AM Official 352.1 -4.2 352.1

High/Low 352.1 -4.2 352.1

Open Int. 2,875

Total 2,875

PALLADIUM (100 Troy oz, Silver)

Close 274.0 -12.50 274.0

Previous 274.0 -12.50 274.0

High/Low 274.0 -12.50 274.0

AM Official 274.0 -12.50 274.0

High/Low 274.0 -12.50 274.0

Open Int. 4,574

Total 4,574

SILVER (100 Troy oz, Silver)

CURRENCIES & MONEY

Greece joins

MARKETS REPORT

By Simon Kuper

Greece plans to join the European exchange rate mechanism tomorrow.

The government said the entry procedure began on Thursday and would be completed on Sunday. Greece hopes to join the ERM in November 1998, the last time the mechanism was expanded, there was heated debate over the lira's central rate.

"A secret and sacred number," said one Greek minister. However, since the Greek economy is relatively small, the rate of the drachma has little impact on any other country, and no European Union member state is expected to object to a weak entry level. When Italy joined the ERM in November 1996, the last time the mechanism was expanded, there was heated debate over the lira's central rate.

Greece would be the 12th

member of the ERM, leaving Denmark, the UK and Sweden as the only EU members outside it. Within the ERM the drachma will be allowed to move 15 per cent above or below its central rate, a wide band regarded as easily defensible.

Greece will negotiate the drachma's rate in the ERM with its European partners this weekend. The rate was

POUND IN NEW YORK

Mar 13 - Last - Prev. close -
5 spot 1.6880 1.6870
3 month 1.6885 1.6875
1 year 1.6900 1.6890

A bank of Greece official

said monetary policy would be to ensure the credibility of the ERM rate.

The Greek developments dragged sterling lower after the pound had begun the day in rampant form.

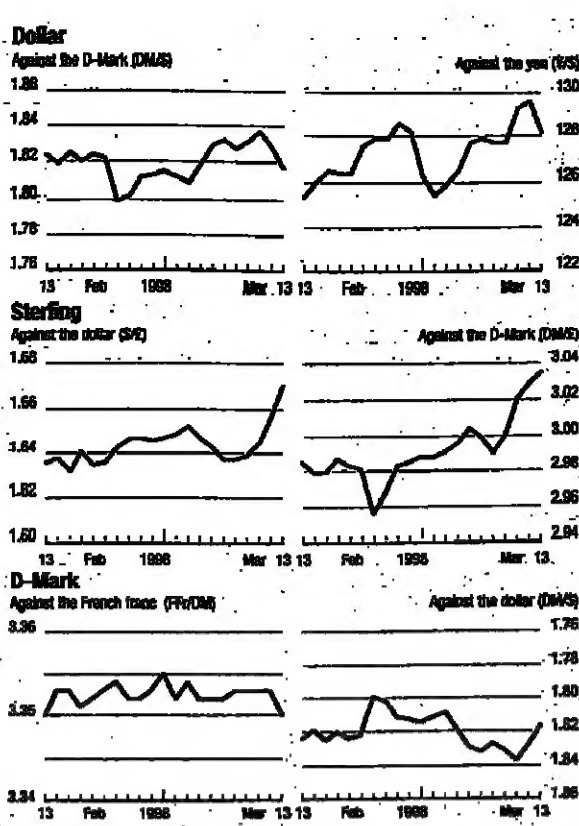
In late US trading it was at DM3.0316 to the D-Mark, only just above Thursday's London close but still at a seven-month peak. It has been buoyed since Wednesday by increased expectations of UK rate rises.

The pound had gained in European trading after UK economic growth for the fourth quarter of last year was revised upwards, from 0.4 per cent to 0.6 per cent. Even though growth for 1997 as a whole was revised downwards, from 3.0 per cent to 2.9 per cent, the figures suggested that the economy retained momentum.

Charles Goodhart, who votes on base rates as a member of the Bank of England's monetary policy committee, boosted sterling further by warning of inflation risks. He noted that inflation was still at about 2.5 per cent, the Bank's target rate, even though the strong pound was keeping prices down. He indicated that inflation might "immediately" rise when sterling started to fall. Strong UK demand was raising "domestically generated inflation at a rate which is clearly inconsistent with achieving the 2.5 per cent rate of inflation once this external deflationary pressure goes away, as it will at some stage."

Mr Goodhart supported a base rate rise in both January and February, but the committee voted by a narrow margin to leave rates unchanged.

The dollar played the unaccustomed role of wallflower yesterday. Its Y15 plunge against the yen, partly due to Greek dollar sales and partly to market profit taking, went barely noticed. The dollar was at Y128.1 in late US trading, and more than a penny down against the D-Mark at DM1.817. On Monday the market will spot again.



POUND SPOT FORWARD AGAINST THE POUND

Mar 13	Closing bid/ask	Change on day	90 days	180 days	360 days	1 year	2 year	3 year	5 year
Europe	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Asia	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Africa	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Latin America	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Middle East	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Oceania	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
USA	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Canada	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Japan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
South Korea	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Taiwan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Hong Kong	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Singapore	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Malaysia	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Indonesia	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Philippines	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Thailand	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Vietnam	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Myanmar	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Burma	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Cambodia	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Laos	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Timor	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Brunei	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Sri Lanka	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Maldives	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Nepal	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bhutan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
India	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Pakistan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bangladesh	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Sri Lanka	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Maldives	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Nepal	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bhutan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
India	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Pakistan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bangladesh	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Sri Lanka	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Maldives	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Nepal	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bhutan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
India	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Pakistan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bangladesh	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Sri Lanka	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Maldives	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Nepal	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bhutan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
India	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Pakistan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bangladesh	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Sri Lanka	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Maldives	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Nepal	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bhutan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
India	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Pakistan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bangladesh	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Sri Lanka	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Maldives	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Nepal	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bhutan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
India	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Pakistan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bangladesh	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
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Maldives	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Nepal	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bhutan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
India	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Pakistan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bangladesh	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Sri Lanka	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Maldives	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Nepal	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bhutan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
India	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Pakistan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bangladesh	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
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Bhutan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
India	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Pakistan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bangladesh	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Sri Lanka	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Maldives	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Nepal	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bhutan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
India	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Pakistan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bangladesh	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Sri Lanka	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Maldives	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Nepal	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bhutan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
India	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Pakistan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bangladesh	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Sri Lanka	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Maldives	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Nepal	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bhutan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
India	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Pakistan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bangladesh	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Sri Lanka	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Maldives	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Nepal	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
Bhutan	1.6880	+0.0010	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880	1.6880
India									

UNIT TRUSTS

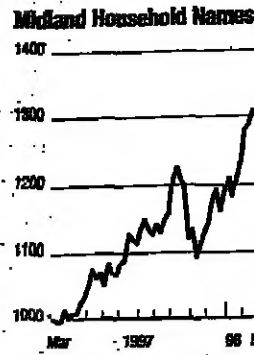
WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Essex Capital Growth	1,440
Royal London European Growth	1,406
Old Mutual Swiss Equities	1,373
Midland Household Names	1,349
Direct Line FTSE 100 Tracker	1,346

BOTTOM FIVE OVER 1 YEAR

Save & Prosper Gold & Exp	344
HSBC Singapore & Malaysia Gth	365
Fidelity Asian	425
Savary Asian Growth	442
Waverley Australian Sold	442

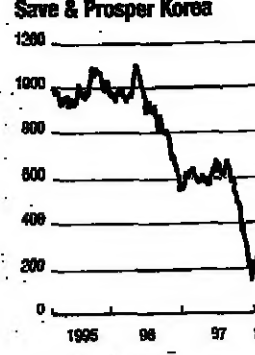


TOP FIVE OVER 3 YEARS

NetWest UK Smaller Cos	2,868
Johnson Fry Slater Growth	2,774
GA North America Growth	2,724
Drescher RCM America Sm Co	2,433
Save & Prosper Financial Secs	2,433

BOTTOM FIVE OVER 3 YEARS

Old Mutual Thailand Acc	316
Save & Prosper Korea	326
Schroder Seoul	347
Baring Korea	372
Schroder Japan Small Cos Acc	463

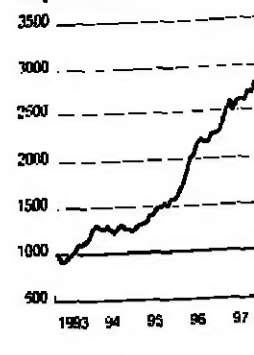


TOP FIVE OVER 5 YEARS

Old Mutual European	3,215
Jupiter European	3,212
GA North America Growth	3,158
Barrington European Growth	3,149
GA North America Growth	3,056

BOTTOM FIVE OVER 5 YEARS

Save & Prosper Korea	284
Henderson Japan Smaller Cos	539
Old Mutual Thailand Acc	543
Fidelity Japan Smaller Cos	567
Baring Japan Sunrise	567

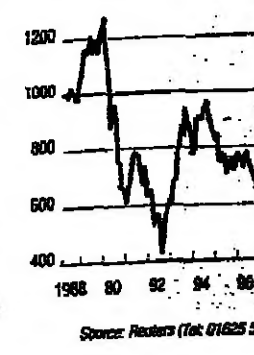


TOP FIVE OVER 10 YEARS

P&C US Small Companies	10,561
Hill Samuel US Smaller Cos	8,527
GA North America Growth	7,641
Franklin Health	7,431
Barrington American Emer Gth	7,226

BOTTOM FIVE OVER 10 YEARS

Barclays Japan	455
Baring Japan Sunrise	548
M&G Japan Acc	550
Henderson Japan Smaller Cos	560
Invesco Japan Growth	625



Tables show the result of investing £1,000 over different time periods. Tracks are ranked on 3-year performance. Warnings: past performance is not a guide to future performance.

Indices

Index	1 year	3	5	10	Volatility	Yield
Average Unit Trust	1059	1027	1702	3051	3.5	2.4
Average Investment Trust	1143	1029	2030	3579	4.9	4.5
Bank	1041	1116	2265	3791	6.0	5.7
Building Society	1038	1114	2265	3790	6.0	5.4
Stockmarket: FTSE All-Share	1091	1092	2265	4103	2.7	2.9
Indexation	1093	1092	2265	4103	2.7	2.9

UK Growth

Index	1 year	3	5	10	Volatility	Yield
Johnson Fry Slater Growth	1199	2774	2729	4930	2.8	0.7
Old Mutual Growth	1273	2383	2468	2721	2.9	0.4
Standard Life UK Eq Growth Acc	1142	2210	2251	4266	2.6	0.7
Jupiter UK Growth	1114	2192	2739	5213	2.4	1.8
River & Mercantile 1st Growth	1245	2168	2736	-	2.8	0.5
SECTOR AVERAGE	1168	1819	2001	3006	2.8	1.5

UK Growth & Income

Index	1 year	3	5	10	Volatility	Yield
Fleming Select UK Income	1340	2144	2411	3423	2.7	2.5
HSBC Portfolio Fund	1236	2061	2101	-	3.1	1.5
Britannia UK General Inc	1220	2041	2029	2825	2.8	2.8
Barrington UK Index	1293	2013	2211	-	2.8	2.5
Lawrence Koen Income & Growth	1233	2007	2088	-	2.8	2.0
SECTOR AVERAGE	1210	1812	1957	2130	2.7	2.2

UK Smaller Companies

Index	1 year	3	5	10	Volatility	Yield
NetWest UK Smaller Cos	1123	2888	-	-	3.5	1.0
Garmore UK Smaller Companies	1108	2375	2780	2876	3.2	0.2
HSBC Smaller Companies	1091	2103	2265	-	2.8	0.8
Britannia Smaller Co's Acc	1079	2094	2630	3152	2.8	0.3
SECTOR AVERAGE	1096	1826	1884	2306	2.8	1.5

UK Equity Income

Index	1 year	3	5	10	Volatility	Yield
Jupiter Income	1159	2197	2943	4958	2.2	3.9
RWD UK Equity Income	1238	2006	2419	3292	2.5	3.1
Newton Higher Income	1280	1988	1992	3532	2.7	3.7
Lazard UK Income	1186	1987	2250	3892	2.5	4.0
Britannia High Yield Inc	1212	1976	2268	4181	2.5	3.2
SECTOR AVERAGE	1196	1764	1888	3071	2.5	3.6

UK Equity & Bond Income

Index	1 year	3	5	10	Volatility	Yield
Aberdeen Pacific Ed Income	1198	1820	1881	2886	2.5	3.7
HSBC High Income	1216	1804	-	-	2.1	5.1
High Income Div Distribution	1217	1791	1976	2334	2.4	3.3
CIS UK Income	1253	1774	1918	-	2.5	3.1
Cler Med Retirement Income Inc	1201	1736	1945	-	2.5	4.7
SECTOR AVERAGE	1151	1587	1748	2571	2.1	4.9

UK Eq & Bd

Index	1 year	3	5	10	Volatility	Yield
BWD Balanced Portfolio	1189	2129	2895	-	3.2	0.8
Paragon High Income	1254	1931	2286	5064	2.6	3.9
Credit Suisse Monthly Inc Port	1208	1845	2201	-	2.6	3.5
Canille Income Dis	1201	1784	1934	2804	2.3	2.8
NPI UK Extra Income Inc	1159	1767	2025	-	2.3	2.4
SECTOR AVERAGE	1168	1744	2037	3269	2.4	2.8

UK Fixed Interest

Index	1 year	3	5	10	Volatility	Yield
Aberdeen Pacific Fixed Interest	1125	1574	1820	2619	1.4	7.8
CU PPT Monthly Income Plus	1185	1534	1674	-	1.8	7.0
Edinburgh Convertible	1160	1524	1340	1780	2.2	5.0
CU PPT Preference Inc	1195	1499	1583	2571	2.1	6.2
Edinburgh Preferred High Inc	1157	1486	1504	2182	1.6	6.3
SECTOR AVERAGE	1092	1376	1458	2066	1.8	6.2

UK Gilt

Index	1 year	3	5	10	Volatility	Yield
Baring Exempt Fixed Interest	1195	1485	-	-	2.0	6.1
M&G Gilt & Fixed Interest	1158	1447	1534	2120	1.8	5.5
Mercury Long-Dated Bond	1146	1410	-	-	2.2	4.4
Garmore PS Fixed Interest	1133	1381	1437	-	1.7	6.8
Murray Gilt	1117	1372	1412	-	1.8	6.2
SECTOR AVERAGE	1088	1282	1322	1895	1.4	5.5

International Equity Income

Index	1 year	3	5	10	Volatility	Yield
GT International Income Inc	1209	1757	1850	3682	2.7	1.9
Martin Currie Int'l Income	1128	1702	1938	-	2.7	3.8
Mayflower Global Income	1183	1578	1851	-	2.8	1.3
M&G International Income	1167	1570	1703	3479	2.7	2.8
Premier Global 100	1055	1505	1522	1947	3.3	0.6
SECTOR AVERAGE	1116	1567	1708	2926	2.8	2.3

International Fixed Interest

Index	1 year	3	5	10	Volatility	Yield
Baring Global Bond	1031	1339	1370	-	1.5	4.9
City Financial Backman Int'l	1079	1310	1138	1871	2.6	5.9
Newton International Bond	1037	1282	1236	-	2.0	4.5
AES Int'l Bond & Convertible	1061	1278	1277	-	1.2	5.5
Old Mutual Worldwide Bond Inc	1062	1256	1183	1951	1.7	5.3
SECTOR AVERAGE	992	1122	1082	1781	1.7	5.0

International Equity & Bond

Index	1 year	3	5	10	Volatility	Yield
Fleming General Opportunities	1220	1746	1778	-	2.0	3.0
Bank of Ireland Eq Mgt Growth	1135	1688	1868	-	2.6	2.1
GA Income Portfolio	1119	1614	1865	-	2.9	2.5
Marks & Spencer Inv Port Acc	1159	1624	1746	-	2.4	1.9
Canille Portfolio (MUTM)	1134	1605	-	-	2.5	1.1
SECTOR AVERAGE	1104	1484	1572	2386	2.3	2.3

International Gr

Index	1 year	3	5	10	Volatility	Yield
Save & Prosper Financial Secs	1240	2433	2863	5259	3.4	1.1
Baillie Gifford Latin America	974	2290	-	-	8.6	-
Franklin Financial	1319	2281	2466	8560	3.4	0.9
Franklin Health	995	2182	2482	7431	7.1	-
Hill Samuel Financial	1281	2180	2544	4588	3.8	0.9
SECTOR AVERAGE	1077	1550	1690	3094	3.7	0.9

Nth America

Index	1 year	3	5	10	Volatility	Yield
GA North America Growth	1280	2724	3056	7841	4.5	-
Drescher RCM America Sm Co	1235	2433	2173	4115	4.8	-
Henderson American Small Cos	1287	2344	2572	8845	5.3	-
Hill Samuel US Smaller Co's	1163	2332	2759	8527	6.3	-
Royal & SunAll Nth America	1295	2332	2848	8317	4.0	0.3
SECTOR AVERAGE	1186	1948	1970	4738	4.4	0.5

Europe

Index	1 year	3	5	10	Volatility	Yield
INVESTCO European Growth	1234	2418	3158	5611	4.5	-
Threadneedle Euro Sel Gt Acc R	1225	2382	3019	4830	4.8	0.1
Jupiter European	1162	2333	3212	6235	3.6	0.4
Newton European	1342	2279	2532	5062	4.3	-
INVESTCO European Small Cos	1171	2236	2870	5612	3.8	-
SECTOR AVERAGE	1187	1863	2268	4389	3.8	0.6

Japan

Index	1 year	3	5	10	Volatility	Yield
GT Japan Growth	804	978	1112	1313	3.5	-
Martin Currie Japan	904	961	1126	-	5.5	-
Murray Japan Growth	863	905	1005	-	5.0	-
Newton Japan	898	896	1017	1074	5.5	-
Baillie Gifford Japanese	845	884	915	1131	5.4	-
SECTOR AVERAGE	828	882	778	866	5.9	0.2

Far East Inc Japan

Index	1 year	3	5	10	Volatility	Yield
AIS Growth Greater China	774	1119	1438	2979	8.2	-
Schroder Far East Growth Inc	773	956	1274	-	5.7	0.2
Royal & SunAll Far East	718	923	1088	1231	5.8	-
Jupiter Far East	782	913	1089	-	5.8	-
Smith & Williamson Far East	794	902	1010	-	5.0	-
SECTOR AVERAGE	697	807	977	1743	5.6	0.8

Far East ex Japan

Index	1 year	3	5	10	Volatility	Yield
HSBC Hong Kong Growth	764	1721	2031	6734	8.8	0.8
INVESTCO Hong Kong & China	807	1473	1523	5695	8.0	1.3
Friends Prov Australian	918	1438	1975	4026	4.5	-
Henry Cooke US East Enterprise	786	1234	-	-	8.4	1.4
Old Mutual Hong Kong	707	1101	1378	4892	8.0	1.9
SECTOR AVERAGE	618	806	1017	3200	7.8	1.3

Best Peps

Index	1 year	3	5	10	Volatility	Yield
NetWest UK Smaller Cos	1123	2888	-	-	3.5	1.0
Johnson Fry Slater Growth	1199	2774	2729	-	2.8	0.7
Save & Prosper Financial Secs	1240	2433	2863	-	3.4	1.1
INVESTCO European Growth	1234	2418	3158	-	4.5	-
Threadneedle Euro Sel Gt Acc R	1225	2382	3019	-	4.8	0.1
AVERAGE UT PEP	1160	1733	1980	-	2.8	2.8

Property

Index	1 year	3	5	10	Volatility	Yield
Aberdeen Pacific Property Str	1152	1683	2150	-	2.8	1.2
Newton Property	1088	1269	1619	-	1.9	5.2
Arundel Residential Property	1074	1221	-	-	0.8	4.9
Barclays Property	1032	1190	1417	-	0.8	5.8
SECTOR AVERAGE	1086	1341	1728	-	1.4	4.2

Commodity & Energy

Index	1 year	3	5	10	Volatility	Yield
M&G Australasian Acc	802	1417	1682	2474	5.3	2.0
Save & Prosper Commodity	685	965	1137	1928	5.6	-

FT MANAGED FUNDS SERVICE

Job	Material	Quantity	Unit Price	Amount
1. Labor				
2. Material				
3. Freight				
4. Insurance				
5. Taxes				
6. Other				
Total				

07 General... 213.04 215.0 +0.45 3.23

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price on request, and may move to forward pricing at any time.

Weighted	20.80	31.75	40.17	0.31	Apples (Example) Cts. 04	81.00	84.80	+0.22	- UK Growth Example 47.1	716.91	1234.50	+0.00	1.21	Example 1	http://www.FX.com
	20.80	31.75	40.17	0.31		81.00	84.80	+0.22		493.00	1104.00	+0.00	-	Example 2	

FT MANAGED FUNDS SERVICE

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OTHER UK UNIT TRUSTS

Unit Trust	Units	Price	Dividend	Yield
Abn Capital Unit Trust Ltd	100	1.25	0.05	4.0%
Abn Growth Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Income Unit Trust Ltd	100	1.05	0.05	4.8%
Abn Property Unit Trust Ltd	100	1.15	0.05	4.3%
Abn World Unit Trust Ltd	100	1.20	0.05	4.2%
Abn Bond Unit Trust Ltd	100	1.00	0.05	5.0%
Abn Equity Unit Trust Ltd	100	1.10	0.05	4.5%
Abn International Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Multi-Asset Unit Trust Ltd	100	1.20	0.05	4.2%
Abn Real Estate Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Technology Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Healthcare Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Energy Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Financial Services Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Media Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Telecommunications Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Consumer Goods Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Industrial Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Infrastructure Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Environmental Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Social Services Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Arts and Culture Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Leisure and Entertainment Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Sports and Recreation Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Food and Beverage Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Retail Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Travel and Tourism Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Transport Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Utilities Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Public Services Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Defence and Aerospace Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Space and Aviation Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Information Technology Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Telecommunications Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Media Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Entertainment Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Sports and Recreation Unit Trust Ltd	100	1.15	0.05	4.3%
Abn Food and Beverage Unit Trust Ltd	100	1.10	0.05	4.5%
Abn Retail Unit Trust Ltd	1			

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Insurances, Money Markets and Other

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MANAGEMENT SERVICES

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Money Market Trust Funds

	Green	Red	Brown	Black
CashCash Ltd				
Morgan Stanley, Weymouth, East M916 47A	-	01738 820000		
Colfax High School Chapel Ave. 7.15	-	7.15	7.15	7.15
Old Kent Road Station 7.15	-	7.15	7.15	7.15
Old Kent Road Station 7.15	-	7.15	7.15	7.15
The CDF Charitable Deposit Fund				
1 Fenn Street, London EC2Y 5AD			0171 688 1111	
Deposit - 7.15%			7.15%	7.15%
Cent. Bd. of Fin. of Church of England:				
2 Fenn Street, London EC2Y 5AD			0171-688 1111	

Money Market

Bank Accounts

	Rate	Min	Max	APY
American Express Bank Ltd				
Business Home, Business MR HS16 MAG				01278 888 111
High Performance Cheque Account				
£200-£200.00	1.00	0.75	1.00	
£1,000-£4,000.00	3.00	1.50	3.50	
£15,000-£4,000.00	3.75	2.50	3.50	
£10,000-£24,000.00	4.00	3.00	4.00	
£20,000-£44,000.00	4.25	3.10	4.25	
£50,000+	4.75	3.50	4.50	
Bank of Scotland				

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<https://www.ft.com>

FTSE 250 and SmallCap hit all-time highs

3143.8	2744.8	75.118	24.211
70.295	70.295	2716.3	0.0
858.0	783.7	63.909	0.0
82.987	83.477	743.5	0.0
5372.7	4187.3	73.279	0.0
1182.7	1054.9	3993.0	0.0
		1008.8	0.0

WORLD STOCK MARKETS

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US equities dull as bond yields rise

AMERICAS

US shares were mixed in narrow early trading, although technology shares made steady headway, writes John Labadie in New York.

Retail stocks continued to track earnings announcements. Nine West plunged 1.4% to \$49.25, the broad Standard & Poor's 500 index had gained 2.15 to 1,075.07.

The Nasdaq composite index was the brightest feature of the morning, rising 12.74 or 0.72 per cent to 1,776.80.

Giving a boost to computer stocks was the release of better-than-expected earnings from Oracle, the number two software company, late on Thursday. Oracle's shares climbed 3.1% to \$62.50.

A report that Internet company Netscape would expand its services sent its shares up \$1 or 5 per cent to \$19.75.

Treasury bonds fell modestly after rallying on Thursday. In the morning session new figures on producer prices for February showed a slight easing of wholesale prices for the month. The benchmark long bond edged 1/8 to 103 1/8, sending the yield up to 5.875 per cent.

The weaker showing for the bond market did nothing to help the banking sector. Most bank shares moved lower. Nationsbank lost 3/8 to \$69 1/8.

Sao Paulo resumes rise

SAO PAULO picked up where it left off in the final hour of trading on Thursday, moving strongly ahead in good two-way volume.

Dealers said the morning gains were partly a carry-over of the previous session's buy orders and partly the result of the neutral US producer price index.

Market leaders were comfortably up at mid-session. Telebras rose 2.2 per cent to R\$48.40 and Petrobras 1.1 per

cent to R\$275. The Bovespa index was up 1.7 per cent ahead at 11,552.

MEXICO CITY saw limited buying in thin volume and by mid-session the IPC index was up 41.18 to 4,800.55.

Telcel rose on 25 centavos to 22.70 pesos. Financial group Banamex-Accival added 10 centavos to 20.60 pesos as some of the heat went out of the fairly steep mid-week rise for the money market.

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Milan cheered by takeover talk at Olivetti

EUROPE

Benign US producer price figures, strong earnings and a burst of fixing corporate stories rounded off a week of record highs for European markets.

MILAN shrugged off initial weakness and closed at a record high. The Mibtel index ended 367 or 1.7 per cent higher at 21,778 in spite of earlier worries that profit-taking could depress share prices.

Olivetti closed up L280 or 13.7 per cent at L2,320 after being suspended twice during the day's trading. Investors piled into the stock on heightened expectations that it could become a takeover target for Mannesmann, the German engineering company which set up a joint venture with the Italian group last year.

Mannesmann announced last month that it would increase its capital by DM3bn to fund further expansion.

Banco di Napoli closed up L270 or 9.9 per cent at L3,165 after reporting net profits of L142bn for 1997. Investors were also cheered by the bank's announcement of a L240 dividend.

Mediastel rose L447 or 3.9 per cent to L12,311 on expectations that the government

will introduce tougher laws restricting politicians from holding large stakes in listed companies.

Such a move was seen as forcing Silvio Berlusconi, former prime minister, to sell his stake in Mediaset.

Telcel yesterday was that Rupert Murdoch's News Corp was a possible suitor.

FRANKFURT was unable to hold on to its best levels of the day in late electronic trading, but the Xetra Dax index still closed 35.57 higher at a record 4,572.24.

Hoechst remained under pressure after Thursday's disappointing figures and its downward outlook for the current year. The shares fell DM1.84 to DM63.90 as Goldman Sachs cut its rating on

the company and Hypo-Bank released a negative report.

BASF edged up 21 pf to DM72.30 ahead of its earnings presentation next week.

Mannesmann, up DM45 on Thursday, added another DM38 at DM1,310, with investors undeterred by the company's plans to raise DM3bn to finance the expansion of the telecommunications business.

MobilCom, the mobile telephone network provider, soared DM315 or 35 per cent to DM1,215 amid speculation that Mannesmann will seek to buy the group, although the latter has denied it is interested in such a move.

Deutsche Telekom jumped DM2.52 to DM36.12 on short-covering and on its catch-up potential, having underperformed Mannesmann.

PARIS was driven higher by earnings excitement. Renault capped a week of strong profits, nudging 10 per cent and sparking all sorts of upbeat predictions about next week's raft of results.

By the close, the CAC 40 index was up 13.66 at a record high of 3,540.23.

Renault's powerful reverse out of the red last year sent the shares up FF22.50 to FF248.5 in turnover of FF332m. Peugeot gained FF33 to FF383. Alcatel Alsthom and LVMH, both of

which report next week, gained FF33 to FF382 and FF31 to FF219 respectively.

ZURICH pressed back into record territory as the corporate reporting season continued to provide underlying support for the market.

The SMI index rose 60.1 to 7,398.0.

Novartis, widely expected to report on Tuesday a 45 per cent rise in net profit for 1997, rose SF29 to SF2,720. Roche certificates added SF115 to SF1,765 as the company awaited US approval for its Xelami anti-obesity drug.

In the specialty chemicals sector, Ciba rose SF4.50 to SF19.1 on expectations of a

good 1997 earnings report on Monday. A study by Pictet, the Geneva-based private bank, set a target price of SF230. Clariant jumped SF32 to SF1,538 and Ems Chemie was SF70 higher at SF71.85.

Elsewhere, employment services group Adecco rose SF17 to SF36 as Merrill Lynch upgraded its estimates for the company for 1999 and 2000, while setting a target price for the shares of SF615 for the next 12 months.

AMSTERDAM pushed to a record high on the AEX which ended 19.51 better at 1,108.77.

Sparkling results, a share split and news of a F1.19bn

riots and jitter over any further decline in the rupiah reversed. Second-tier companies were actively traded.

Asia Intelegra, the noodle maker, lost Rp35 to Rp475 and Padjadri, the property group, fell Rp100 to Rp450.

WELLINGTON saw a further strong rise for index heavyweight NZ Telecom which added 19 cents to NZ\$48.49 for a two-day advance of nearly 5 per cent.

On Monday, Amertech is due to announce the price and timing of the flotation of its 25 per cent stake in Telecom.

The 40 capital index ended 30.49 or 1.3 per cent higher at 2,299.17 in good NZ\$76m turnover.

BANGKOK tracked the bait higher, ending with the SET index up 15.37 or 3.1 per cent at 514.24.

Dealers said sentiment had been aided by positive trade figures for February that showed the sixth consecutive monthly surplus. TelecomAsia jumped Bt2.75 or 16 per cent to Bt19.75. Thai Farmers Bank was the day's most active stock, gaining Bt5 to Bt187.50.

HONG KONG drifted to a higher close, taking its lead once again from HSBC, but brokers said the market lacked clear direction.

The Hang Seng index climbed 154.56 or 1.4 per cent to 11,057.03. Turnover remained quiet at HK\$5.2bn.

HSBC accounted for 6.81 points of the index rise as the shares added HK\$5 to HK\$224 in spite of a lower close in London on Thursday.

Some brokers said that investors were buying into HSBC for its international

FTSE All-Share Index

March 13

Market & Regional	Index	Day's %	Change points	Yield %	Vol	Total ret. %
FTSE All-Share	1104.45	+0.54	+7.88	1.87	3.02	1172.61
FTSE 100	2670.18	+0.83	+16.79	-	-	-

Market & Regional	Index	Day's %	Change points	Yield %	Vol	Total ret. %
FTSE 250	1148.78	+0.19	+2.12	2.86	0.78	1176.50
300 UK	1187.79	+0.30	+4.08	1.46	0.71	1170.92
300 Europe	1144.20	+0.33	+4.45	1.57	0.69	1168.07
300 ex-Europe	1174.68	+0.51	+5.51	2.15	0.48	1191.71

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Bearing Stee C1000 - 152 (11MAGS) 3/4 (11MAGS)	Stevens Group PLC and Stee (SPLOSP) (Rd - 12/01/88) - 39 (50)
Newsprint Building Society 124% Penn Int (Bearing Stee C1000 - 152 (11MAGS) 3/4 (11MAGS)	Stee Building Society 124% Penn Int (Bearing Stee C1000 (Rd) - 102 (11MAGS) 1/4 (11MAGS)
NFC PLC 74% Gen Bds 2007 (11MAGS) (Rd) - 69% (11MAGS) 100	Stee PLC 74% Warrants - 8 (0) + (448) 7 (20, 10) + (15)
Northern Foods PLC 68% Gen Sub Bds (Bearing Stee C1000 (Rd) - 102% (11MAGS) 3/4 (11MAGS)	Stee PLC 68% Gen Sub Bds (11MAGS) 3/4 (11MAG

COMPANIES & FINANCE

PUBLISHING AND TRAVEL ANNOUNCEMENT OF £1.3BN FLOTATION OF UK PACKAGE HOLIDAY OPERATION EXPECTED ON WEDNESDAY

Thomson Corporation demerger expected

By Scheherazade Daneshmand, Leisure Industries Correspondent

Thomson Corporation, the Canadian publishing and travel group, is expected on Wednesday to announce the flotation of its UK travel operation, valued by analysts at £1.3bn (\$2.2bn).

The Toronto-based company is expected to confirm for the first time a demerger of Thomson Travel Group, the UK's largest package holiday company, at its financial results meeting for the

year to December 31 1997. The prospectus is expected to be issued next month.

The flotation, planned for May on the London Stock Exchange, will allow Thomson Corporation to concentrate on its core professional information and publishing business.

Thomson Travel, which accounts for 30 per cent of holidays sold through UK travel agents, owns the Lunn Poly chain of 800 high street travel shops and Britannia, the charter airline.

Healthy demand for holidays is expected to have lifted pre-tax profits at Thomson Travel from \$82m to more than \$100m in 1997.

Thomson Corporation instructed SBC Warburg Dillon Read, its financial adviser, to draw up spring flotation plans for its travel arm after difficulties in finding a buyer.

Plans to dispose of the business had to be put on hold pending a year-long investigation by the Monopolies and Mergers Commission into the sale of package

holidays. But its report, published in December, concluded that the industry was "broadly competitive". It did not require Thomson or Air-tours, the second largest group, to dispose of their travel agency chains and instead only minor changes to the way package holiday groups sell holidays.

Thomson Corporation has increasingly focused on its publishing and information division. In its 1996 annual report it described the business, for the first time, as

"our principal activity in which most of our investment is now directed".

The contributions to group profits from its other two divisions, newspapers and travel, have declined over five years - in Thomson Travel's case from 16 per cent to 11 per cent between 1992 and 1996.

Analysts believe market conditions for a flotation are favourable given buoyant trading conditions in the package holiday industry.

While many regard the company as well-managed,

they cite its dependence on the volatile UK market as its main weakness. Air-tours, its main competitor, makes more than a third of its profits overseas.

In December, Thomson bought Stockholm-based Fritidsresor for £260m as the first step in a strategy of international expansion. The acquisition increased the number of Thomson holiday-makers from 4.6m to just under 6m a year. The group has said that it is examining markets across Europe for further purchases.

FirstGroup bids against Stagecoach in Hong Kong

By Charles Betcher, Transport Correspondent

FirstGroup and Stagecoach, the two largest UK bus companies, have extended their rivalry overseas with competing bids to take over a five-year franchise to run a large slice of Hong Kong's buses.

FirstGroup, the largest UK bus operator, has teamed up with Hong Kong's New World Development Company, a quoted property, engineering and telecommunications group, with an offer to invest HK\$42bn (\$5.6bn) in a new bus network.

Stagecoach, meanwhile, has formed a 50-50 joint partnership with China Motor Bus Company (CMB), with an offer to spend £100m (\$167m) on new buses and a new depot.

They are understood to face local competition from the Chinese-owned Hong Kong Citybus, Citic Pacific, a conglomerate, and several other smaller companies. Singapore Bus Company is also believed to have bid.

Both UK companies believe that if they break into the Hong Kong market with local partners it would be a stepping stone to expansion into the large Chinese market.

"Hong Kong is a very attractive prospect," said Tony Oshaldiston, FirstGroup finance director. "There is a huge travelling public and a very high density of services. It is a bus company paradise."

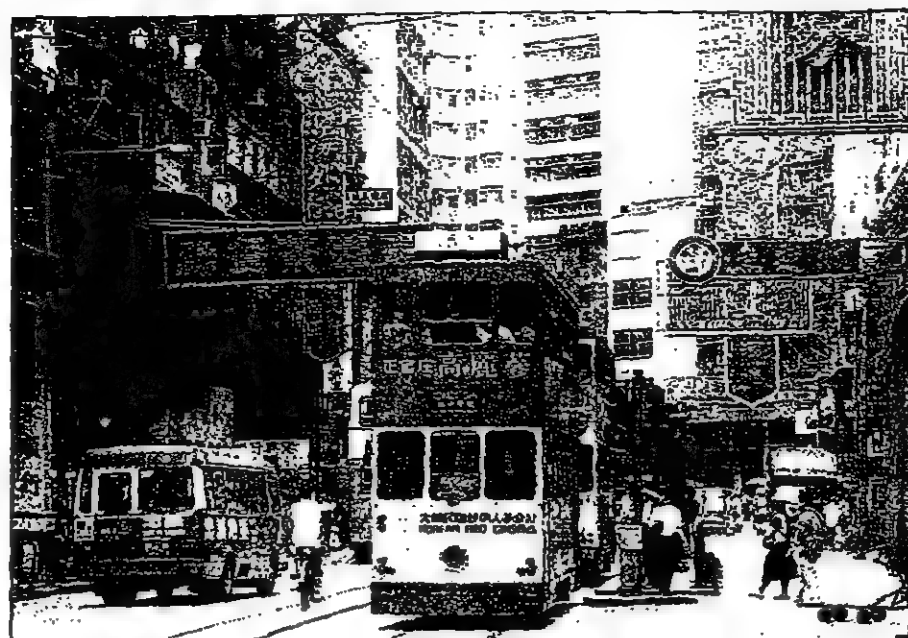
Hong Kong's bus sector has been opened up to bidders following the transport

authority's decision last month to remove the franchise from CMB after 58 years. The winning bidder will be announced in April and would start running buses from September 1.

Family-owned CMB was criticised for running dirty, old-fashioned vehicles. It ran 88 routes with a total of 800 buses, generating turnover of \$20m.

FirstGroup has taken a 26 per cent stake in a newly formed company, New World First Holdings, with New World owning the balance. The joint venture company believes it could provide a similar service with 650 buses. The new buses are likely to be built in the UK and shipped for assembly in Hong Kong and China.

Stagecoach said it would invest in 430 air-conditioned low-floor buses to be deliv-



Eastern target: New World Road in Hong Kong's Western District

ered by the end of 1999 but with 200 in service by next December.

Keith Cochran, finance director, said: "We cannot deny that the system is run

down but [by working with CMB] we can ensure a smooth transition. We will need access to their depot for two years until the new one is built. And we will

manage the franchise on a day-to-day basis."

FirstGroup's shares rose 4p to 315p; Stagecoach shares were unchanged at 86p.

Lonrho's transition nears completion

By Andrew Edgecliffe-Johnson in London and Mark Ashurst in Johannesburg

Lonrho's protracted transition from a conglomerate to a mining group is almost complete. The group yesterday confirmed plans for a £176.7m share buy-back and the £1.38bn (\$2.2bn) acquisition of Tavistock, a South African colliery.

Sir John Craven, chairman, said the two deals, to be followed by the auction this summer of its Princess Hotels, would leave Lonrho with high-quality coal, platinum and gold mining assets.

"We will eventually draw

a line under what was a sprawling conglomerate," he said. "It might have been the fashion in the 1970s, but it was certainly not the vehicle analysts like to see in the mid-1990s."

Nick Morrell, chief executive, said: "We have got to get back to basics and make these assets sweat for the next 12 to 18 months." The disposal programme had been "a massive distraction".

Lonrho will buy back and cancel 21 per cent of its shares at 106p, removing all but 6.1 per cent of a block which has hung over the group for 30 years.

The shares, owned by Anglo American of South Africa, will pass through JCI, the rapidly-unbundling mining group that was South Africa's most prominent and turbulent expert in black economic empowerment, and Investec, JCI's financial adviser. Lonrho will pay £17.9m in tax and duty.

Lonrho is buying Tavistock from JCI through its Dinker Mining subsidiary. The deal will be partly financed through a rights issue, to which Lonrho will subscribe £58m-£74m. Dinker warned that profits will drop this half because of

weak coal prices, but said Tavistock would improve its access to the Richards Bay coal terminal and create \$60m of synergy benefits.

Lonrho expects the acquisition and buy-back to enhance earnings in 1999.

JCI yesterday salvaged its project to give blacks a stake in the mining industry by saying it would convert to a focused gold producer. The settlement is a remarkable comeback for the Kebble family which backed the purchase of JCI by M&J Khumalo, a former political prisoner, in November 1996.

"We have matched victory from the jaws of defeat,"

said Brett Kebble, chairman of JCI's gold division. The African Mining Group, a black consortium, will form a partnership with the Kebble family - effectively replacing Mr Khumalo, who quit as chairman of JCI in January.

JCI will exchange its HJ Joel gold mine and R157m in cash, but not its Western Areas mine, for the Lonrho stake.

A consortium led by Mr Khumalo paid R54.5 a share for control of JCI, but the shares sank to R17. "We've bought at the top, now we're buying at the bottom," said Mr Kebble.

Unilever and P&G in second soap war

By John Williams

Soap wars are about to break out in Britain again, this time over detergent tablets - a development as revolutionary as the teabag, according to one industry insider.

For years, detergent has been sold in powder or liquid form, leaving it to the consumer to measure the quantity. The new product introduces the UK consumer to "unit-dosing", which allows them to use one individually wrapped tablet per wash.

Lever Brothers, the home laundry division of Unilever, has been preparing a nationwide launch in April for its detergent tablets, following tests in other European markets.

But Procter & Gamble, the US company which is number one in the UK detergent market, has scooped its rival with plans to put Ariel tablets on supermarket shelves in Lincolnshire in a test marketing operation which is the prelude to a national launch.

The renewal of hostilities comes almost four years after Unilever launched Persil Power, with its patented "accelerator" ingredient which was found to be defective shortly after its debut. The accelerator reacted badly with a few dyes, causing some colours to fade and some fabrics to weaken.

P&G attacked Unilever, parading tattered and faded boxer shorts to illustrate the product's faults. Persil Power was withdrawn, but Persil lost market share.

The introduction of tablet detergents risks a similar fiasco if the product fails to dissolve or leaves clothes grubby. Unilever would say only that it was sure people would be "very impressed when they see our tablets."

P&G said it had solved the solubility problem, and would recommend consumers put the tablets in the soap compartment rather than directly into the wash-tub. "That's a measure of our confidence that it will dissolve," the company said. "It would be rather obvious if it did not."

Metromail agrees \$831m GUS bid

By Peggy Hollinger in London and Nikki Taft in Chicago

Great Universal Stores, the UK mail order house which is stalking catalogue retailer Argos with a £2.6bn (\$4.2bn) takeover bid, yesterday announced an agreed \$831m offer for Metromail, the US database marketing group.

The acquisition brings to more than £1.7bn the amount GUS has paid in the last 18 months to build a US information services business, helping clients target customers by collecting data on spending patterns and credit risk.

The deal will make millionaires of some of Metromail's senior management, who just over a month ago were granted a total of \$82,200 options at the market price of \$16.69 a share. GUS is bidding \$31.50 a share. Three directors and 11 senior managers stand to share \$8.4m as a result of the takeover.

Metromail, which suffered pre-tax losses of \$2.9m last year on sales of \$328.4m as a result of \$36.9m in one-off charges, said the grants were part of an annual options package for employees well beyond the board. Directors who were not employees of the company did not share in the grants.

The options were granted on February 5 and five days later Metromail disclosed that it had received "written

unsolicited indications of interest to acquire the company at a substantial premium." Although GUS was not one of the bidders referred to, Direct Tech, its US subsidiary had been in informal talks about a possible takeover in the US for more than a year.

Metromail was formed as a publicly-listed company when RRDDonnelley, the Chicago-based printing company, floated off the bulk of its marketing services business in 1996. Donnelley retained a 38 per cent stake which it has pledged to sell to GUS, as has some of Metromail's management representing 2 per cent.

Lord Wolfson of Sunningdale, GUS chairman, said the buy was "the next logical step" after integrating Direct Tech, by GUS in April, for \$300m.

Both companies performed similar services, but for different clients, using different customer bases. Metromail collects target marketing information for retailers, telephone companies and fundraisers, while Direct Tech provides information on catalogue shoppers in the financial services and automotive industries.

Analysts estimated that GUS would have interest cover of about six times if it wins both Argos and Metromail.

See Page 24

RESULTS

Company	Year	Revenue (£m)	Profit (£m)	EPS (p)	Dividend (p)	Dividend yield (%)	Total for year	Total for year
Fishery's	Yr to Dec 31	40.4	(28.7)	3	11.9	1.9	0.4	0.5
London & Metro	Yr to Dec 31	25.8	(3.8)	6.77	(3.2)	14.2	(1)	
Wheeler	Yr to Dec 31	144.6	(48.5)	37.8	(52.6)	53.4	(8)	10.3
Wheeler (Thames)	6 mths to Dec 31	2	(1.97)	(1.07)	(0.04)	1.48	(0.48)	0.1
Wheeler	Yr to Dec 31	41.1	(47.7)	1.39	(128.5)	6.54	(28.1)	1
Investment Trusts	2007							
English & Scottish	Yr to Jan 31	205.1	(187.3)	7.48	(8.19)	4.81	(8.8)	2.7
Johnson Fry Euro	6 mths to Jan 31	183.99	(132.74)	0.245	(0.125)	2.3	(1.19)	2.3
Juniper Hill Group	Yr to Dec 31	68.2	(8)	1.1	(1.04)	4.57	(4.13)	8.4
Dividends shown basic. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. **After exceptional credit. ***Already declared.								

NEWS DIGEST

PHARMACEUTICALS

Glaxo extends link with BI of Germany

Glaxo Wellcome, the UK's largest pharmaceutical company, is extending its partnership with German rival Boehringer Ingelheim, the world's largest privately held drug company. The two will develop and market a high blood pressure drug - telmisartan - invented by BI.

The deal is a rare move by Glaxo into the heart treatment sector, the biggest medical area by value of drug sales but one in which it has only a small presence. In return for collaborating on telmisartan's clinical trials, Glaxo will receive rights to market the drug outside the UK, Japan and some other countries.

BI is roughly the 20th biggest drug company in the world by sales, comparable with Zeneca of the UK. Daniel Green

PROPERTY

Michael Ashcroft move

Strand Partners, a corporate finance and investment company linked with Michael Ashcroft, the former chairman of the ADT security group, has acquired options to buy about 29.9 per cent of Carlisle Group, a property company.

Commentators said Carlisle, a dormant business with about £31.6m (\$52.8m) in assets and a stock exchange listing, could provide Mr Ashcroft with a means to return to the stock market. The likely method would be by reversing Racrut, an employment agency in which Mr Ashcroft has an interest, into Carlisle.

The options bought by Strand are on shares owned by Davenport Pritchard, the joint chief executive of Carlisle, and a founder of the Takara nursing homes company. Carlisle, which is chaired by the entrepreneur Nigel Wray, has £1.6m in cash and £16m in properties. It is capitalised at about £30m. Mr Ashcroft, a senior treasurer to the Conservative Party, realised £154m last year from his stake in ADT, which was taken over by Tyco International, a US conglomerate, for £2.5bn. Jonathan Guitrie

Dunlue House claims victory

Dunlue House, the Irish property company, yesterday claimed victory in its battle to buy Ewart, the Northern Ireland-based property concern - for a second time.

Dunlue's celebrations at having either bought or having achieved acceptance for 51.3 per cent of Ewart's shares were cut short on Wednesday when Ewart complained to the Takeover Panel about the validity of acceptance for 1.6 per cent of Ewart's shares. The complaint had been due to go to a panel hearing next week. However, Ewart yesterday withdrew its objections. Dunlue declared its 81p cash offer unconditional and announced it now owned or had acceptance for 52 per cent of its target's shares.

The offer had been matched by Moyne, a newly-formed consortium of Northern Irish businessmen. Moyne's final bid was recommended by most of Ewart's board, although Brian O'Connor, chairman, voted his 16 per cent stake with Dunlue. Noel Smyth, the Dublin solicitor who controls Dunlue, voted his 29 per cent holding with Dunlue's offer, he serves on Ewart's board, as does Stewart Harrington, another Dunlue director.

Victory for the bid, which values Ewart at £25.7m, means Mr Smyth has achieved his goal of creating an all-Ireland quoted property company. The closing deadline has been extended to March 27. Both companies' shares were unchanged yesterday, Dunlue at 19½p and Ewart at 80½p in London. Robert Wright

Benchmark share deals

Companies within the Hong Kong Long Group Malaysia have sold their holding of 1.53m shares (1.3 per cent) in Benchmark Group at 252p a share. First Capital Corporation, another affiliate of Hong Kong Long, has bought 10,000 Benchmark shares, lifting its stake to 34.8 per cent. FCC intends to take its holding to 35 per cent, alongside Benchmark's other main shareholder, Friends Provident Life Office.

MEDIA

Media Business approach

The Media Business Group, the agency which buys media space, announced yesterday it was in "preliminary discussions" which could lead to it being taken over. The company stressed the tentative nature of the approach. Its shares rose 30 pence, closing up 30½p at 132p.

Any deal would have to be agreed by management, as more than 60 per cent of Media Business' shares are controlled by the directors and staff. Allan Rich, chairman and chief executive, owns a 33.5 per cent stake. Cathy Newman

Pru drops \$400m bid to buy Cunard

By Susanna Voyle

Prudential Corporation yesterday said it had withdrawn its \$400m bid to buy Cunard, the cruise line that includes the QE2.

Talks between Prudential and Kvaerner, the Anglo-Norwegian shipbuilding and engineering group that acquired Cunard when it took over Trafalgar House in April 1996, had been going on for more than a year. The discussions involved PPM Ventures, Prudential's venture capital division.

PPM yesterday said it believed other parties had entered the talks at bidding levels it was not prepared to match. "We have withdrawn from negotiations," it said.

Cunard is seen as a valuable brand which can be further developed at a time of strong growth in the international cruise market. But the five-ship operation would need substantial investment. Kvaerner yesterday confirmed that talks over the sale of Cunard were continuing, but would not comment on the parties involved.

Company	Revenue (£m)	Profit (£m)	EPS (p)	Dividend (p)	Dividend yield (%)	Total for year	Total for year
Prudential	1,000	100	10	10	10	10	10
Cunard	1,000	100	10	10	10	10	10
Prudential	1,000	100	10	10	10	10	10
Cunard	1,000	100	10	10	10	10	10
Prudential	1,000	100	10	10	10	10	10
Cunard	1,000	100	10	10	10	10	10
Prudential	1,000	100	10	10	10	10	10
Cunard	1,000	100	10	10	10	10	10
Prudential	1,000	100	10	10	10	10	10
Cunard	1,000	100	10	10	10	10	10

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COMPANIES IN MARKETS

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Wallenberg shake-up taps global expertise

By Tim Burt in Stockholm

Investor, the main investment vehicle of Sweden's Wallenberg business empire, yesterday stepped up its modernisation programme with sweeping boardroom changes at companies it controls.

The investment group, which holds stakes in companies accounting for 43 per cent of the Swedish stock market, said new directors were being appointed at Scania, the heavy trucks group; Stora, one of Sweden's largest paper-makers; Electrolux, the household appliances manufacturer; SKF, the bearings group; and at Investor itself.

Percy Barnevik, the Swedish industrialist who last year succeeded Peter Wallenberg as investor chairman, said the shake-up underlined the need for international expertise among businesses in the Wallenberg sphere.

"We need a global view in our boardrooms, and that means bringing in executives from Germany, the US and Japan," he said.

Among the directors appointed yesterday,

Nobuyuki Idei, president of Sony, is joining the board of Electrolux, with Karel Vunsten, chairman of Heineken, the Dutch brewing group.

Helmut Werner, former chief executive of Mercedes-Benz, is becoming a director of SKF. Rolf Stomberg, a director of Smith & Nephew, the UK healthcare products group, and former board member at British Petroleum, is to join Scania.

The Wallenbergs, nevertheless, underlined their continued influence by announcing the elevation of family members to key boardroom positions. Jacob Wallenberg, current chairman of Skandinaviska Enskilda Banken, is to join the board of Electrolux and Investor. Mikael Wallenberg, Jacob's cousin and current chief financial officer at Investor, is becoming deputy chairman of Stora.

The boardroom changes follow the retirement of several Wallenberg veterans, including Bo Berggren as chairman of Stora and Anders Scharp, chairman of Electrolux.

Mr Barnevik, meanwhile, said Investor was also plan-

ning to "weed out under-performers" from its portfolio. He hinted that disposals would be considered if restructuring and management changes failed to deliver adequate returns for shareholders.

"We will continue to be long-term industrial investors, but we are not locked into that situation," he added.

The latest reforms follow the announcement that the Wallenbergs, through Investor and its sister company Investor, planned to reduce their voting rights in Electrolux.

By doing so, the family signalled it was ready to address the anomaly of separately quoted A and B shares. At present, the system allows it to control some of Sweden's largest companies through hefty voting rights while holding little of the equity capital.

Industry analysts broadly welcomed the moves, although several called for further changes in the portfolio.

Shares in most of the companies affected by yesterday's announcements rose modestly in relatively thin trading.

Family in the News, Page 7

Sega set to report loss as rivals take lead in games wars

By Nathan Myhrum in Tokyo

Sega, the Japanese electronic toy maker that gave the world Sonic the Hedgehog, said yesterday it would report a loss for the year to March 31 due to a steep fall in sales of its game machines.

Worldwide sales of Sega's 32-bit Saturn machine have been hit by the runaway popularity of Sony's PlayStation, as well as Nintendo's 64-bit game machine.

Sega downgraded its profit forecast for the year to about a net loss of ¥39bn (\$305m). It pointed to extraordinary losses at US subsidiaries as a key factor, resulting from Sega's shrinking share of the huge US market for computer games.

Parent company sales are expected to be about 5 per cent lower than previously forecast, at ¥71bn - a 24.7 per cent drop from last year's sales of ¥95.93bn.

Group sales are expected to be down 20.8 per cent to ¥345bn, with a net loss of ¥22.8bn predicted on a group basis, compared with a profit of ¥2.03bn a year ago.

Sega plans to fight back with the launch of a new game console next year. The company also said it might restructure three of its US units to tackle the problems, which have led to extraordinary losses of about ¥40bn. Overseas units as a whole will lose about ¥47bn this year.

Sega's performance at home has been helped by its Print Club machines, which produce sheets of miniature stickers with digital photographs and are popular with girls and young women in Japan.

Sega shares dropped 3.3 per cent yesterday, ending ¥80 lower at ¥2,510, after a report in a Japanese newspaper that the company was to pull out of the North American home game machine market and take a loss this year.

The profit warning was issued after the market closed. The Japan Bond Research Institute, a ratings agency, said it had put Sega on watch for a possible downgrade of its credit rating.

STERLING performance

It is a nice irony that sterling should reach a high for the decade on its trade-weighted index just ahead of Tuesday's Budget. After all, it was Chancellor Gordon Brown's first effort last July that put high octane fuel into an already charged-up pound. In the three weeks after the Budget it climbed to DM3.09 from DM2.89. Now it is again within spitting distance of that level. Mr Brown will certainly be hoping this is short-lived; it cannot represent his view of a competitive level for sterling. But will he be prepared to take the measures that would make a difference?

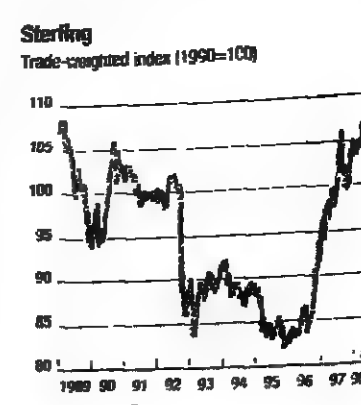
In particular, will he tighten fiscal policy so as to allow for a quicker loosening of monetary policy? His failure to do this last summer, followed by five rises in base interest rates, drove sterling up. There is little evidence of a change in heart. And with half the monetary policy committee still favouring higher interest rates, the risk is that sterling moves higher still. But this may not last long. The sharp deterioration in the trade account - a £2.8bn (\$4.7bn) deficit in the third quarter widening to £4.2bn in the fourth quarter - is the sort of economic evidence likely to herald a change.

Nor is the only factor pointing to an impending turn in sterling. With the UK economy slowing, interest rates look close to the peak. Of course, the strong dollar provides support for the pound. But in Europe, markets appear too sanguine about rates staying low, while talk of a soft euro seems overdone. An orderly retreat cannot be far off, but Mr Brown should play his part in assisting the process.

GUS

Great Universal Stores has shifted from comatose to hyperactive since Lord Wolfson arrived as chairman less than two years ago. Including yesterday's \$631m offer for Metromail, a US database marketing company, it will have spent \$2.8bn on building up a consumer information arm - as much as it is bidding for catalogue retailer Argos.

The strategy is fine. GUS has an overcapitalised balance sheet, enormous free cash flow and no growth in its traditional agency mail order business. The management is therefore under pressure to spend money or hand it back. And databases that collect, analyse and sell information on consumers' credit histories and buying patterns are valuable assets in an expanding industry. In the US,



direct marketers, which use this information, spent \$134m last year - a sum growing at 10 per cent annually. Metromail's customers, primarily retailers, fit neatly alongside the carmakers and financial firms served by Direct Marketing Technology, which GUS bought last year. There should also be savings from combining software development and purchases of raw data.

But GUS is paying a hefty sum for a company with a less-than-sparkling history. Metromail has missed Wall Street's estimates in five of the six quarters since its flotation and last year had to clean up its accounting policies. Its profit growth slowed dramatically last year and there are questions marks over how modern its technology is. Yet the UK group is offering 28 times forecast 1998 earnings. Shareholders may want GUS to grow by acquisition, but surely not at any price.

London Underground

Three plus one gives you... a new improved London Underground. According to Labour's maths, an infrastructure split into three concessions and auctioned off would attract the investment the Tube badly needs and government cannot afford. Leaving the train operations under one public sector roof reassures the Labour stalwarts that the Tube is not really being privatised.

Now it appears the government is also willing to consider bids for the infrastructure as a whole. This will delight Railtrack, which sees itself as the natural owner of the UK's track and tunnels. If Railtrack can argue that it can squeeze better efficiencies this way, it should be listened to. But Railtrack should make the business case without linking it to side-deals on the regulation of its other assets or its interest in the

Channel tunnel high-speed link. And a competitive auction should be encouraged. Railtrack is not the only show in town. The government would also have to be sure it could do without the useful regulatory tool of comparing performances across several network operators.

What about the train operations? It is a pity that the government has not yet been won over to the view that the private sector could improve the rather dismal lot of London's commuters if it is allowed to take on the operations too. Still, it is encouraging that Labour has not turned its face completely against private sector involvement. Handing over the decision to an elected mayor of London would be a bold and welcome move.

First Leisure

Institutional shareholders in First Leisure still have a ticklish decision to make on how to vote at Tuesday's annual meeting. Two of the four non-executive directors up for re-election have been won over to the view that the private sector could improve the rather dismal lot of London's commuters if it is allowed to take on the operations too. Still, it is encouraging that Labour has not turned its face completely against private sector involvement. Handing over the decision to an elected mayor of London would be a bold and welcome move.

But what are shareholders to do when their traditional behind-the-scenes cajoling has indeed won some concessions? First Leisure is apparently looking for two new independent directors. And it is considering naming a senior non-executive as a Hampelesque counterweight to the not very Cadburian executive chairman, Michael Grade. No concessions have been made on Mr Grade's four-year incentive plan, where shareholders have questioned whether the targets are tough enough to warrant extra payments of up to £2.5m (\$4.2m). This is a lost cause, but shareholders should hold out for at least one more new for old director to secure an independent majority.

This is not how corporate governance should be. While First Leisure is not brazening things out - as Granada did over compensation for changing directors' contracts - it is doing the minimum to head off revolt. If companies do not embrace best practice with better grace, they will invite the Labour government to wield the bigger stick of ruling that remuneration packages must be voted on by shareholders.

Hilton group in merger talks with Circus Circus casinos

By Richard Tomkins in New York

Hilton Hotels, the hotel and casino company which last year lost an \$11.7bn takeover battle for the ITT hotel and casino group, is in merger talks with casino operator Circus Circus Enterprises.

If a deal is done, Hilton said yesterday, it would split itself into two, separately quoted hotel and casino companies. The casino operation would then merge with Circus Circus in an all-stock transaction, creating by far the largest casino company in the US.

Circus Circus's shares were \$1 up at \$29.75 in early afternoon trading, valuing the company at \$2.4bn. Hilton's shares were \$14 up at \$94.4, valuing the group at \$8.6bn.

Stephen Bollenbach, Hilton's chief executive, has been under pressure to do a deal since losing the takeover battle for ITT to Starwood Hotels & Resorts Trust, a US hotel

operator and real estate investment trust, or REIT.

Speculation about possible partners has focused mainly on Circus Circus and on Ladbroke, the UK hotel, betting shop and casino company which owns Hilton International, operator of Hilton hotels outside the US.

Hilton Hotels said: "We are always looking for ways in which we can strengthen our alliance and our relationship with Ladbroke and Hilton International. But we are not going to speculate on how that might be accomplished or what we might, or might not, do in the future."

Last week Ladbroke, which formed a marketing alliance with Hilton Hotels at the beginning of last year, said a merger with Hilton was always under consideration, but there were serious obstacles to its accomplishment. Hilton Hotels yesterday indicated that there was a strong

possibility of a deal with Circus Circus, confirming that the two were in merger talks.

The group cautioned, however: "There have been no agreements. There are a lot of elements of this potential deal that haven't been resolved, and there has been no approval by either of our boards."

Circus Circus runs about 12 big casino-resort complexes in Nevada, including the Circus Circus, Excalibur and Luxor properties in Las Vegas. It is also building a dockside casino in Tunica, Missouri.

Mr Bollenbach greatly expanded Hilton's gambling operations at the end of 1996 with the acquisition of Bally Entertainment, a US casino operator, for \$35m. Hilton now has about 16 properties in Las Vegas, Atlantic City and other markets, including Bally's Las Vegas, the Las Vegas Hilton, the Flamingo Hilton-Las Vegas and Bally's Park Place.

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Markets Latest

FTSE 100	5782.3	(-12.5)	New York S&P 500	1072.88	(-0.38)
Yield	2.91		New York Nasdaq	2094.82	(-0.16)
FTSE Europe 200	1105.45		New York Dow Jones	9882.80	(-6.54)
FTSE All-Share	2708.28		S & P Composite	1072.88	(-0.38)
Nikkei	77,085.74	(-494.82)			
Dow Jones Ind. Ave	9882.80	(-6.54)			
S & P Composite	1072.88	(-0.38)			

IN LONDON MONEY

3-mo interbank	7.12%	(7.12%)
6-mo interbank	7.12%	(7.12%)
12-mo interbank	7.12%	(7.12%)
3-mo Treasury bill	6.62%	(6.62%)
6-mo Treasury bill	6.62%	(6.62%)
12-mo Treasury bill	6.62%	(6.62%)

IN US LAUNCHING RATES

Patent Fund	5.45%	(5.45%)
3-m Treasury bill	6.62%	(6.62%)
6-m Treasury bill	6.62%	(6.62%)
12-m Treasury bill	6.62%	(6.62%)

IN NORTH SEA OIL (barrels)

Brent Blend	\$12.80	(12.80)
Crude Oil	\$12.80	(12.80)

IN OILS

New York Crude	\$28.65	(28.65)
London Crude	\$28.65	(28.65)

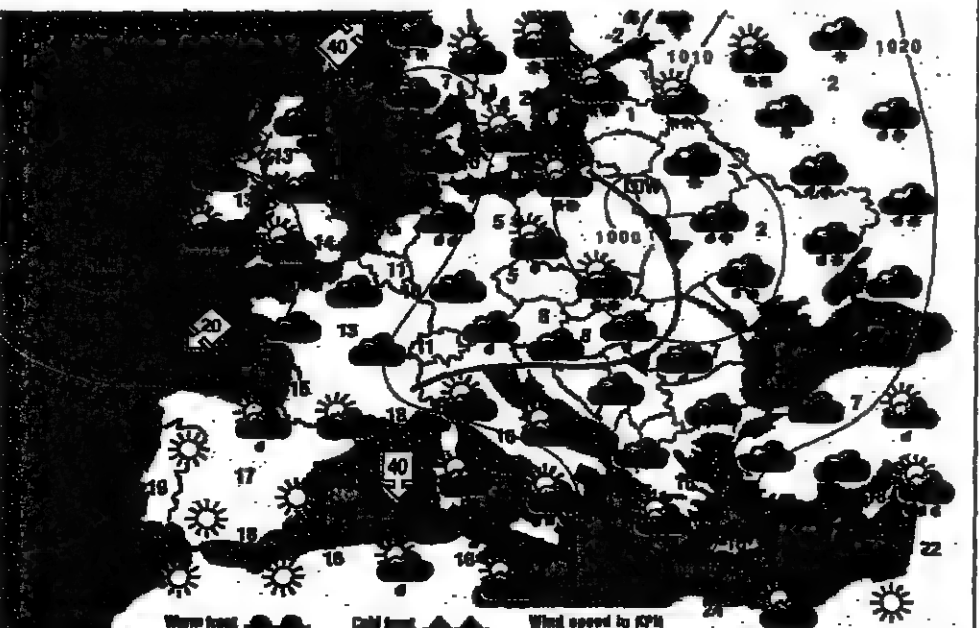
Weather

Europe today

Most of the Iberian peninsula will be dry and sunny, but northern coasts may have showers. The central and eastern Mediterranean will have sunny spells and scattered showers. Scandinavia and eastern Europe will be unsettled, with showers and some longer spells of rain and snow. Central and north-west Europe will be cloudy, with Germany and the Low Countries having some showers. The northern Alps will have snow, but France will be mostly dry with a few sunny spells.

Five-day forecast

Western Europe will be mainly dry and mild with some sunshine. Southern and western Scandinavia will be mild at first, but wintry weather will return by Tuesday. Central Europe will have showers tomorrow and on Monday, followed by snow showers and a cold wind on Tuesday.



Weather at midday. Temperatures minimum for day. Forecasts by THE WEATHER CENTRE

TODAY'S TEMPERATURES

Madrid	16	Barcelona	16
Casablanca	16	Algiers	16
Paris	16	London	16
Rome	16	Athens	16
Amsterdam	16	Stockholm	16
Oslo	16	Reykjavik	16
Helsinki	16	Tallinn	16
Riga	16	Vilnius	16
Moscow	16	St. Petersburg	16
Yokohama	16	Tokyo	16
Seoul	16	Manila	16
Bangkok	16	Singapore	16

Tomorrow's TEMPERATURES

Madrid	17	Barcelona	17
Casablanca	17	Algiers	17
Paris	17	London	17
Rome	17	Athens	17
Amsterdam	17	Stockholm	17
Oslo	17	Reykjavik	17
Helsinki	17	Tallinn	17
Riga	17	Vilnius	17
Moscow	17	St. Petersburg	17
Yokohama	17	Tokyo	17
Seoul	17	Manila	17
Bangkok	17	Singapore	17

Monday's TEMPERATURES

Madrid	18	Barcelona	18
Casablanca	18	Algiers	18
Paris	18	London	18
Rome	18	Athens	18
Amsterdam	18	Stockholm	18
Oslo	18	Reykjavik	18
Helsinki	18	Tallinn	18
Riga	18	Vilnius	18
Moscow	18	St. Petersburg	18
Yokohama	18	Tokyo	18
Seoul	18	Manila	18
Bangkok	18	Singapore	18

Tuesday's TEMPERATURES

Madrid	19	Barcelona	19
Casablanca	19	Algiers	19
Paris	19	London	19
Rome	19	Athens	19
Amsterdam	19	Stockholm	19
Oslo	19	Reykjavik	19
Helsinki	19	Tallinn	19
Riga	19	Vilnius	19
Moscow	19	St. Petersburg	19
Yokohama	19	Tokyo	19
Seoul	19	Manila	19
Bangkok	19	Singapore	19

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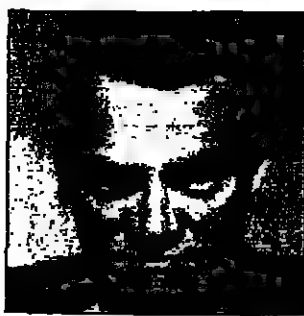
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Therapeutic

'Why do attention-shy stars, such as James Cagney, fret and yell on screen as borderline psychotics?'



Astounding astanga

'Perfection is the best you can do at any particular moment,' Derek told his small, not terribly well-formed audience



Catch-22

'We are having one right now. Novelists who really need publicity are not invited out to lunch by newspapers'

Billing and cooing

So Britain and the US, and Tony and Bill, think they have a 'special relationship'. Not likely, argues Alex Danchev

Aristotle reckoned that friendships come about for three reasons: utility, pleasure and goodness. Only the last is perfect, for "it is those who desire the good of their friends for the friends' sake that are most truly friends, because each loves the other for what he is, and not for any incidental quality".

In other words, the ground for friendship is elemental rather than circumstantial. It does not wait on time and tide, terror and tyranny, the flick of a switch, the push of a button, the delivery of a diplomatic note. It rests, rather, on the character of the partners themselves.

According to Aristotle: "That such friendships are rare is natural, because man of this kind are few... those who are quick to make friendly advances to each other have the desire to be friends, but they are not, unless they are worthy of love and know it."

To demonstrate worthiness of this sort is no easy task, individually or internationally. To maintain the conviction is even harder, as Tony Blair and Bill Clinton are about to discover. "The wish for friendship develops rapidly," Aristotle adds, "but friendship does not."

The "perfect friendship" of Aristotelian ethics bears a striking resemblance to the "special relationship" of Churchillian apologetics - the gospel of Anglo-America according to the evangelists. The very idea of a special relationship is evangelical, not to say wishful. One can see it in Blair's face and hear it in his utterance ("a new and modern relationship for a new century").

Yet such a relationship is never fully achieved. Some claim specialness (Japan). Some disclaim specialness (Canada). Some are born special (Israel). Some have specialness thrust upon them (Germany). Specialness is never as pliant or as potent - not as special - as one partner would wish. There is always a worm in the bud: perhaps innocence, perhaps recalcitrance, perhaps only silence. Will Clinton return the call? Will he jilt me for Helmut... or Benjamin... or Boris?

The first-generation evangelists have passed away. God rest their fretful souls. But, sometimes, on a dark and stormy night, in strange lands prone to extremes of temperature, their keening can still be heard. For some time it has been hollow. Who remembers Leopoldo Galtieri? Who credits "Hitler revisited"? The Falklands War was an anachronism, the Gulf war a charade.

The real war, the evangelists' war, was the second world war. Whatever was special about the special relationship was learned in the schoolroom of the Grand Alliance.

As late as 1962, Harold Macmillan, old hooded-eyes himself, could base a successful pitch for Polaris missiles on a manipulative appeal to a common past, an Anglo-America pululating with goodwill, good faith and nuclear weapons.

Macmillan was a master rhetorician, exceedingly hard to deny. The argument of his appeal is imaginatively presented in Ian McEwan's novel *The Innocent*.

cent, an acute inquiry into the specialness, and seaminess, of the relationship during the glacial cold war.

The Englishman, Leonard Marnham, and the American, Bob Glass, are working together on Operation Gold (1955-58), the tunnel under Berlin, a joint CIA-MIS venture compromised from the beginning (we now know) by the double agent, George Blake. The work is fraught with mutual irritation: "It's not the Germans or the Russians who are the problem here. It isn't even the French. It's the Americans. They don't know a thing. What's worse, they won't learn, they won't be told."

And: "The British... they're so busy being gentlemen. They don't do their jobs."

The relationship is like the tunnel: fetid, penetrated, abated. Bill and Tony bill and coo, but *fin de siècle* Anglo-America has a chronic case of aporia. In international politics, it is a wasting disease. The condition is terminal, and well-advanced.

We should not be shocked. The Anglo-American relationship has always been founded on utility. "The relationship was not particularly special in my day," reflected Henry Kissinger, Nixon's secretary of state, recently. "It was normal. The British role did not depend on the weight it could throw around but because it made itself so useful."

There have been pockets of pleasure. There has been precious little goodness. The only partial exception is the anti-fascist annunciation of 1941, through the unlikely medium of Harry Hopkins, the president's eyes and ears. "I suppose you wish to know what I am going to say to President Roosevelt on my return," he asked Churchill at the end of his crucial visit in January 1941. "Well, I'm going to quote

you one verse from the Book of Books... 'Whither thou goest, I will go, and where thou lodgest, I will lodge: thy people shall be my people, and thy God my God.' Then he added very quietly: 'Even to the end.'"

"This story was related, meaningfully, by Tony Blair at the war-torn White House the other week (and retailed, mistily, by Tina Brown in the star-struck New Yorker).

But this is theatre, the stuff of the spin doctor. Specialness has been overtaken by events. History has conspired against it. The special relationship has always been ruthlessly sentimentalised, especially by the

The very idea of a special relationship is evangelical, not to say wishful. One can see it in Blair's face

underdog British, for their own unsentimental purposes. Kipling and canoodling are no substitute for a common world view.

Aristotle's goodness does not include two well-meaning baby boomers sharing a "good" joke. It means two countries effortlessly celebrating an empathy and not, as it is, two signatories to an unequal treaty.

"Up to about 40 years ago," mused Neal Ascherson, the British commentator, in the mid-1980s, "those who governed the British and told them what to think inhabited a blob-shaped mental world. It comprised the Home Counties, London south of the Park, Westminster and the Inns of Court.

Now, after decades of Fulbright grants and academic exchanges, their descendants inhabit a world shaped like a dumb-bell.

"At one end, the Home Counties, etc. then a long thin bit, then another blob consisting of Washington DC and some habitable parts of Manhattan and New England. The rest of the world, outside this 'civilised' dumb-bell, is dark and potty. It speaks foreign languages, suffers rather disgustingly; nobody can spell its statesmen. Dumb-bell people feel as uneasy in Prague as in Glasgow. When they say 'Europe' they mean Dorset, Tuscany and Vermont."

Dumb-bell insularity persists. For a long time London has been prosecuting a cold war of its own with Brussels. Some element of these hostilities has been suspended. The Labour party is not riven with the same spoiling Europhobia as that which afflicts the Conservatives. Blair is a more creative and sympathetic figure than his immediate predecessors. He is also attractively inexperienced.

With such a neophyte, even Clinton can play the elder statesman, a role he surely relishes, without fear of public handbagging or private backstabbing. All of this represents an advance on the alternation of graceless triumphalism and carping disdain which passed for foreign policy in the Thatcher-Major era.

Blair and his circle have mastered the fundamental principle so difficult for the British to absorb, that influence in Washington and Bonn (and Brussels) is not a problem of choice but of condescension. Britain is a more valuable ally of America if it has influence in Europe.

And yet a certain hesitation remains: a lack of conviction, a residual belief that

these capacious Continentals are not, after all, people to go tiger-shooting with. Britain currently occupies the presidency of the European Union. The prime minister has vowed to use it wisely and well. Come the phoney war in the Gulf, however, all of that was overthrown. President Tony clung tight to President Bill. The fickle French, however, were on the wrong side. They had their doubts. Specialness counsels silence.

The special relationship has waxed fat on war. Some sort of commonality on the sanction and application of force has been intrinsic to Anglo-America, to its *raison d'être* and self-belief. Being willing and able to intervene, globally, on the appropriate scale, and to agree on (or acquiesce in) what and where and when; this was the bedrock of the relationship for a hot and cold half-century, 1941 to 1991, from the Tyrant of Berchtesgaden to the Thief of Baghdad.

The potential of the relationship has been governed by two basic requirements: in the first place, the British ability to deliver; in the second, the American willingness to defer. The two go together. From the atrophy of the first follows the jeopardy of the second. Recent appeals to an Anglo-American future are all in some measure exhortations to live up to an Anglo-American past. "At the end of a century of friendship let us pledge to connect our storied past to the unwritten promise of our future," said Clinton to Blair. If that is impossible then so is a special relationship.

Can Britain deliver? She has indeed atrophied since the glory days when the pound was worth a pound; economically, strategically, imperially, reflexively. "England has become England to America's

Rome," observed Sidney Blumenthal, former columnist and now Bill Clinton's main man, "an outlying country of often amusing people best appreciated for their dramatic art of self-presentation."

Alstrip One is Alstrip One no longer. Progressively run down, the last US nuclear weapons in the UK were repatriated in 1996. In

the same year, it was announced that the RAF is to quit its last base in Germany in 2003, bringing to an end a continuous occupation stretching back to 1945. That will leave a British army contingent of some 25,000, on current strength, keeping a watch on the Rhine. But for how long?

"When India has gone and the great colonies have gone,

do you suppose that we can stop there?" asked Lord Curzon, viceroy, foreign secretary and ultimate failure himself, in 1908. "Your ports and coaling stations, your fortresses and dockyards, your Crown colonies and protectorates will go too. For either they will be unnecessary as the toll-gates and barbicans of an empire that has vanished, or they will be taken by an enemy more powerful than yourselves."

He went on to unfold a remarkable vision: "England, from having been the arbiter, would sink at best into the inglorious playground of the world. Our antiquities, our natural beauties, our relics of a once mighty sovereignty, our castles and cathedrals, our mansion houses and parks, would attract a crowd of wandering pilgrims. People would come to see us just as they climb the Acropolis at Athens or ascend the waters of the Nile... England would become a sort of glorified Belgium."

The prophesied theme-park has come to pass. Wandering pilgrims from Manhattan swarm over the scapred tale, bagging antiquities like grouse. "Without their crowns and coronets, how could the English be distinguished from the Icelanders?" wonders John Updike, writer and golfer, lobbing another dreadful comparison into the shell-shocked national psyche. Usefulness has come to this. London is peripheral, not central; recreational, not essential. "Cool Britannia" is an illusion. The special relationship is an abstraction. Britain is Belgium, though the British do not know it yet.

Alex Danchev is the author of *On Specialness, Essays in Anglo-American Relations*, St Antony's, £22.50.

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Joe Rogaly
Mary Poppins?

'The message to women, is let somebody else hold baby. You go to work'

NEXT WEEK

Property Supplement

'A close encounter with the horror from the Himalayas'

PERSPECTIVES



Toby Parker (left) and Rory Carter: would still welcome a further investor prepared to provide up to £250,000

Minding Your Own Business

Two wings and a prayer

Airwave Gliders is at last on the up. Clive Fewins reports on its engine for growth

Airwave Gliders has just come through a patch of turbulence vigorous enough to propel much bigger aircraft out of the skies.

However, the company, based on the Isle of Wight, is confident that it is now reaching the end of the most troubled years in its 18-year history.

It is slowly returning to profit after three years of heavy losses. "We are leaner, better stocked and better able to cope with competition from overseas," says Toby Parker, the managing director.

The problems for Airwave started in the early 1990s when, after 12 years of comparatively tranquil progress towards being a world leader in the manufacture of bespoke hang gliders at up to £5,000 each, cheaper and more accessible paragliders came on the scene.

"Paragliders are just nylon wings with pockets that are inflated by their forward motion," says Parker, 40. "An average pack might weigh about 7kg, as opposed to 35kg for a hang glider, so pilots find them a lot easier to haul up mountain-sides."

"Although paragliders are far slower than hang gliders and cover shorter distances, they are a volume product made for a mass market. Unlike hang gliders, which are rigid structures, usually custom-made, paragliders can be bought more or less off-the-peg."

With the flood of imported paragliders into the UK, Airwave noticed an immediate change in its market. Antici-

patting this, and in order to compete on volume and price, the company opened a second 7,000 sq ft factory in 1990. Greater volumes were produced, but 30 more staff were employed over the next few years. So although Airwave was able to compete on price, says Parker, it did not achieve satisfactory margins.

"We were achieving about 30 per cent gross, while I estimate that our overseas competitors were working on about 45 per cent," Parker says. "The result was that, throughout the early 1990s, Airwave lacked the working capital to buy in sufficient materials and build up stock. It was often unable to supply, and customers were getting fed up."

Founder director Rory Carter and Graham Deegan realised that financially the company was going backwards, but it was not until 1995, when they employed Parker as a consultant, that they became convinced drastic action was needed.

"Sales had not really risen for six years and a turnover of £2.2m was showing a loss of £110,000," says Parker. "Rory is a yacht designer and Graham, who left the company in 1995, is a sail maker. While both are extremely good technically, neither had financial skills and they admit that they were too slow to perceive the changes in the market and adapt to it."

hold stock, and were throwing the problem of stocking back at manufacturers."

This proved very difficult for Airwave in order to keep up with competitors, the company had to produce a range of five different types of paraglider, from competition models to tandem (two man) designs, most in several sizes and three or four different colours.

When he arrived at Airwave, the first thing Parker did was to persuade Carter and Deegan to stop manu-

facturing windsurfing sails, which it had been making since the late 1980s during the seasonal gaps in hang glider production.

Parker pointed out that the seasonal strategy had never really worked. "Windsurfing sails had become the preserve of multinationals, and Airwave could not keep up with the fashions," he said.

"Pulling out of windsurfing in 1995 cost about £150,000 in written-off stock and redundancy payments, but we believe it pointed the way to recovery."

Economic downturn in Germany, a major market, and the strength of the pound still made it hard for their products to compete in other European countries.

More drastic action was needed. In late 1996, Parker, by then a director, persuaded his colleagues to follow other European paraglider manufacturers and buy in the bulk of their components from Vietnam, China and Sri Lanka.

Hang glider production - Airwave makes about 300 a year - was to continue as before, but the company was to make only about 200 of the 2,000 paragliders it expected to sell in a year. These are mainly specials, and "fill-ins", when hang glider production levels are low.

These are produced, as are the hang gliders, at the group of former farm buildings that serves as the company headquarters. Nowadays, inspection and assembly of the imported paragliders takes place under the same roof.

In 1996, the company despatched designer and pilot Bruce Goldsmith to southern France, where, together with David Pilkington, an aerodynamics expert, and John Pendry, the 1987 world paraglider champion, he undertakes most of the company's research and development.

"In France, Pendry, Goldsmith and another pilot, are able to fly up to 160 days a year, testing new designs and competition models," says Parker. Pendry is also in charge of selecting pilots for the competition teams, one for hang gliding and another for para-gliding, sponsored by Airwave.

In July 1997, the second plant was closed with the loss of seven jobs. The company now has 20 staff. At its peak in 1994, including sea-

sonal workers, the total was 70. In its last financial year, Airwave reported a profit before tax of £113,000 on a turnover of £1.8m.

Of great help has been a £200,000 loan from Lloyds Bank negotiated by Parker in 1996, guaranteed by the UK government's Small Firms Loan Guarantee scheme.

"This has given us the working capital with which to build up stock, though we would still welcome a further investor prepared to provide up to £250,000 and help wipe out our £150,000 overdraft," Parker says.

A further hopeful sign is that the company has received two government-backed grants totalling £75,000. These are to pursue research into carbon fibre for use in hang glider wings and, in collaboration with Oxford University scientists, into measuring shape and airflow in flexible aerofoil structures.

In combination with four other European companies, Airwave is finalising an application for an Ecu375,000 grant from the European Commission for further work of this sort. "This is of great importance to us as it might take us into the non-leisure, including military, uses of non-powered flight, and into new commercial applications," says Parker.

"We are well up with the leaders in this developing field, so now we have got our finances in order, it looks as though we may have turned the corner."

■ *Airwave Gliders, Elm Lane, Shalfleet, Isle of Wight PO30 4JT; tel: 01853-531611.*

The Nature of Things

A lunar landmark and a solar success

With the detection of water on the moon, Andrew Derrington looks at a fuel for the future

Nasa's announcement last week that the Lunar Prospector space-probe has detected large quantities of water on the moon transforms it from a sterile lump of rock into a potential oasis and rocket-fuelling station. Water on the moon could make it possible to build a permanent lunar base that would produce rocket fuel for longer space exploration missions.

It is obvious that a water supply on the moon would save the prohibitive cost of transporting drinking and washing water from Earth, but its significance for the production of rocket propellant may need to be clarified. As a fuel, water is a non-starter: it does not burn. However, its constituent elements, hydrogen and oxygen, when separated, make excellent fuel for anything from a space-rocket to a bus.

Hydrogen is a very clean fuel. Burning it produces no pollutants or greenhouse gases, only water. This combination of flexibility and cleanliness has convinced many scientists and technologists that hydrogen is the fuel of the future.

Reducing water to hydrogen and oxygen takes at least as much energy as is released when hydrogen is burned as fuel. This is hardly surprising as burning hydrogen simply oxidises it - recombines it with oxygen - converting it back into water. The advantage of going round this circle of chemical conversions is one of convenience. The oxidation of hydrogen can be violent enough to hurt the space shuttle into orbit, while its reduction can be carried out at leisure using heat, sunlight or electricity.

Wherever there is water, separating the oxygen and hydrogen in this way allows them to be used as a medium of energy, exchange and transport. Chemical, solar, nuclear or electrical energy can all be

used to produce hydrogen, which, in turn, can be burned in much the same way as petrol or gas, or combined chemically with oxygen to produce electricity directly in a device known as a fuel cell.

Whatever happens in space, over the next few decades energy transport and use on Earth will be carried out increasingly through a "hydrogen economy". Several car manufacturers already have experimental vehicles powered by hydrogen. BMW has a number of demonstration cars that can switch between hydrogen and petrol. Hydrogen-powered buses are on trial in a number of US and Canadian cities.

Burning hydrogen produces no pollutants or greenhouse gases

Ian Fells, professor of energy conversion at the University of Newcastle upon Tyne, sounds a note of caution. "People who have never worked with hydrogen are very enthusiastic about it," he says. But Fells sees two big problems with hydrogen. The first is that it's difficult to handle and very explosive; the second, that you need a source of energy to make the hydrogen.

Oil and gas will run out in the next century and coal will run out eventually. Fells favours nuclear power as an energy source. Nuclear fusion, which would produce no hazardous radioactive waste, but may yet turn out to be an expensive pipe-dream, would be ideal. But for the time being, the only practical source of energy is nuclear fission, he says.

Jim Swithenbank, of the Department of Chemical and Process Engineering at the University of Sheffield,

has worked with hydrogen and retains his enthusiasm. "Hydrogen is the long-term solution to portable energy. You could make it from solar energy and transport enough to meet the whole of the UK's energy needs through a pipe two metres in diameter," he says.

David Hall, professor of biology at King's College London, agrees. "To be sustainable, the hydrogen economy has to be solar driven," he says. The big question is what are the best ways of harvesting solar energy.

There are four possibilities, of which three are well tried. Photovoltaic cells produce electricity which can be used to split water by a process called electrolysis but their production and disposal are energy-intensive.

Other renewable sources of electricity such as wind and wave power can also be used for electrolysis. Fuel crops can be used to generate electricity for electrolysis or they can be gasified to produce a mixture of hydrogen and carbon monoxide.

Hall is working on a fourth way, harnessing sunlight to split water directly. He uses cyanobacteria, a blue-green bacterium, which splits water into hydrogen and oxygen. Hall has designed and built a 10-litre reactor that sits on a laboratory bench and produces 75 millilitres of hydrogen an hour.

The next step, which will depend on the Japanese sponsors of Hall's research, is to see whether the reactor can work outdoors and be scaled up to produce large quantities of hydrogen. The ideal test site could be south-eastern Spain, which gets 330 days of sunshine a year and where the temperature rarely falls below 10°C.

So keep your eyes open if you head for Seville and sunshine next year - you could catch sight of a rocket-fuel oasis.

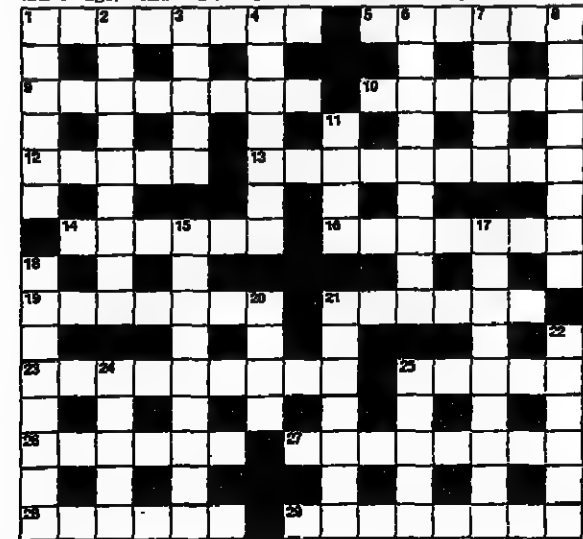
■ *The author is professor of psychology at the University of Nottingham.*



CROSSWORD

No. 9,631 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday March 25, marked Crossword 9,631 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday March 28.



Name: _____
Address: _____

WINNERS 9,619: Joan Eades, Bath; A. McIntyre, London NW5; Mrs C. Ponsford, Emsworth, Hants; Mrs M. Straw, Warrington, Cheshire; Mrs J.B. Thomas, Norwich.

ACROSS

- Whistle for prison visit? (8)
- Cherished Scandinavian money in total (5)
- Statements of judges (8)
- Book to cancel if answer is given in R2 (6)
- Tutor, perhaps, tickled to death (5)
- Memo includes note of the balance (9)
- Despondent, ruined maids left behind (6)
- Alternatives to pins that come unstuck, holding nothing? (7)
- Salutations of judges (7)
- Springtime border chase? (6)
- June's able to go out in hard-wearing pants (4,5)
- Fittingly, I love the paved area outside the house (5)
- Sauna's out of order - the place is subtropical (6)
- Appearance of ghost in residence (8)
- Old Persian governor presided, to speak abruptly (8)
- Scarf Leo sports in the open air (8)

Solution 9,630

DOWN

DOWN

- Black kilns for crows (8)
- Bill's position at sea? (8)
- Palace bar (5)
- City after style of the slder? (7)
- Skilled surgery, yet Dr isn't involved (5)
- Cycle direct (5)
- Sadly in bars, last of the acclaimed sherry (8)
- Doctor on morning round, possibly (4)
- Grass in which Mary embraces John in Spain (9)
- Blatant examples of additional meanings (9)
- Buoyancy aids worn only by captains? (8)
- This dramatist has changed women (4)
- Wind affecting trials on motorway (7)
- What to wear for the dancer? (6)
- Throw off balance in riding school (5)
- Vexed question of prose style (5)

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Solution 9,619

ACROSS

North East South West

3S 4D 4S

5D

With East-West vulnerable, von Arnim pre-empted with 3S and, from then on, nobody really knew what was making. Against Nicola

Smith's well-judged 5D, Auker led A4. Had she switched to a heart at trick two, the contract would have been defeated, but East could well hold a singleton king, so she persevered with K4. Now she found the excellent 89 lead.

Declarer has two possible lines: if trumps are 2-2, she can draw them, finishing in dummy, and cash all her clubs. If, however, trumps are 3-1, she must play for the hand with the void club to hold only one trump.

The audience - seeing all four hands - held their breath as she contemplated. Eventually, she decided that West's defence suggested a bad trump break, so she crossed to hand, drawing East's only trump, ruffed 10s and led Q4. East could not ruff, and Smith could pitch her losing J7. Perfect timing.

This helped Smith and Davies clinch second place - the highest finish for a ladies pair - with Auker and von Arnim third. The 12 male pairs behind them bristled. A new headline was suggested, in vain, for the final bulletin: "Confounded Misogynists Seek New Pastime."

Paul Mendelson

What do Fischer, Kasparov and Smyslov have in common as a favourite defence for use against other world champions? Answer, the Grünfeld 1 d4 Nf6 2 c4 g6 3 Nc3 d5.

It aims to entice White to set up a d4-e4 pawn centre, then snipe from the flanks with moves like Nc6, Nb6-c4, Bg7 and Bg1. Long-term, Black plans an endgame with a useful 3-2 queen's side pawn majority. White's obvious reply is 4 cxd5 Nxd5 5 e4, but 4 Nf3, 4 Bf4, 4 Qb3 and 4 e3 are well-known. Yet after years spent analysing these routine plans, three new ideas have emerged within months.

A Cuban expert analyses 4 b4 Bg7 (Black can complicate by e5 5 c5 exd4 6 Nb6 5 e3 6-0 6 Qb3 6-7 6 Bc3 6-8 6 Ng2 with 0-0, Bb2 and a useful space advantage).

From Armenia comes 4 cxd5 Nxd5 5 Nc4? Bg7 6 e4 Nb6 7 Bc3 Nc6 (Nxa4 8 Qxa4+ Bd7 9 Qc2) 8 d5 Ne5 9 Nc5 or 5...Bf6 6 Nc6 b5 7 e4! But the Hastings winner GM Matthew Sadler fooled a Grünfeld expert by varying as early as move three. Black could have sidestepped by 3...d6 or 3...Bg7, but Sadler rightly judged that the bait would be swallowed. His Nd2-b3 improves on the

Armenian idea since c5 and d4 are guarded. Later, Black tried to bail out with a risky queen attack and fell into a rare pawn fork of both rooks (M Sadler v I Slob).

1 d4 Nf6 2 c4 g6 3 Nd2 d5? 4 cxd5 Nxd5 5 Ng3 Bg7 6 e4 Nb6 7 Nb3 0-0 8 Bc3 Bg4 9 Qd2 Nc6 10 Re1 f5 11 d5 Bxf3 12 exf3 Ne6 13 Bc2 fxe4 14 fxe4 e6 15 dxe6 Qb4 16 Rxc7 Qxc4 17 0-0 Rad8 18 Rsg7+ Kxg7 19 Bhe4 Kc8 20 e7 Resigns. If Rxd2 21 exf6 mate.

No 1222
A lone king can draw against K+B+a or h pawn if the B does not control, and the lone K can reach, the queening square. So how as

White do you stop the BK sprinting to h8, eating your f4 pawn en route?
Solution, Back Page

Leonard Barden

PERSPECTIVES



Joe Rogaly

Mum, Mary Poppins, or mediocre minders?

Decisions made by the nanny state are bound to influence who ends up holding the baby

When you make a baby, or take a decision on who is to care for it, your friendly government hovers in the background. It will tell you stories to give comfort, or frown and scold to give warning, according to its unfathomable whims. It may not know why it does it, but it does it all the same. The state is a nanny, complete with wagging index finger and bag of boiled sweets.

There is no way around this. Taxes and subsidies, like laws, partnerships with business, and public exhortations, are powerful mechanisms that change our behaviour. Together they constitute the toolbox of the social engineer. We can see it in use in Europe, where some countries provide highly subsidised day centres for infants and toddlers,

and the US, where Bill Clinton's proposals for financing child care have Republicans scrambling to outbid him.

Whatever the Democrats call the president's programme, the effect is to redirect behaviour. If care is made less costly, more families will use it. We know that in reality the vast majority of fathers do not see themselves as kindergarten managers. Yet if after-tax income is higher for mothers, more will take jobs. On both sides of the Atlantic the message to women is, let somebody else hold your baby. You go out to work.

The expectation in Britain is that the same signal will be sent by Tony Blair's new Labour ministry next Tuesday. Gordon Brown's Budget is likely to be presented as one that gives women choice. The response to

any such pronouncement from the chancellor of the exchequer should be a raspberry.

We can imagine the true meaning of this "choice". Any mother may decide for herself between the cold bath of living on what of benefit or the jelly and ice cream of finding a job that pays well enough to attract Clintonesque tax credits, leaving more money in her purse. Tough decision, that.

The joke is that women will be asked to believe it is their own individual preference to go for the outside job. It is and it isn't. There is no such thing as a neutral financial transaction between government and governed. What ministries do alters the rules by which we make our supposedly independent decisions. The list of devices avail-

able to the social engineer is endless.

Benefits can be paid to low-income parents but not the well-off, to mothers or fathers or both. Handouts and tax breaks can be given to everyone with offspring, or just those who are married, single parents only, or all comers including gay couples. The state can set its signals to include, or exclude part-time or full-time employment. There might be differentiation according to the age of the youngest, or oldest, child.

Whichever way the credits crumble, a value judgment is delivered or at least implied. Today's governments seek to give voters what they tell opinion researchers they want. This produces confused signals, based on a mix of values, some open, some undeclared. The old wis-

dom, that society favours child-bearing within marriage, with the wife becoming the principal carer, is disintegrating. Those of us who believe that children fare best when raised by two parents, one of each gender, are regarded as old-fashioned.

Nature's way of perpetuating ourselves no longer rules. Nature's way? You know, the one adopted by most species. The male fertilises, then goes off to gather and hunt, or warms himself in the sun. Most male animals are inherently lazy. The female hatches the eggs, feeds the fledglings, monopolises the processes of nurture. She might also scratch the earth for worms to place in open beaks.

Yes, yes, you may protest, but humankind is civilised, long out of the jungle. Our shes are as willing, and able, to be full-time

hunter-gatherers as our hes. True. Nobody can seriously doubt the justice of the women's revolution. Unfortunately, we have not yet come to terms with the costs.

These are borne partly by babies farmed out to sub-standard minders but also by women torn between conflicting claims on their time and energies. We cannot return to the days before the contraceptive pill and universal education, nor should we. Yet most mothers who work do so in tedious jobs because they have to.

It would be nice if all parents could be given a genuine, worry-free choice, detached from the actions of officials. Alas, that is not possible.

One of the current debates is about how to give the poor the same opportunities as those

enjoyed by the rich. High-earning parents can afford high-quality nursery nurses for the newborn, a Mary Poppins for the kindergarten years. Mothers and fathers may step out, satisfied that they have done their best.

The poor are unlikely to be given anything approaching this level of service by the tax-fearing administrations in office in London and Washington. Publicly funded child care can be beneficial, even for under-threes. We must ask the Dutch and the Danes, leaders in the field, how long they are prepared to go on paying for it.

We know the likely answer in Anglo-America. The government is everyone's mother and father. Funds are short, but if you work, you'll get child tax credits. Pregnant? Apply for a job at once.

Joe Rogaly@ft.com

Lunch with the FT

The epitome of his very own catch phrase

Joseph Heller doesn't need the publicity, but he wouldn't have met Peter Aspden if he wasn't famous

It was not a great start. Somewhere in the short stretch of pavement between the urban meal-strom of Piccadilly Circus and the soothing-Edwardian opulence of Marco Pierre White's three Michelin-starred Oak Room Restaurant, a delinquent slipped his fingers into my pocket and made off with a small wallet stuffed with all the security and identity cards I needed to function in the modern metropolis.

So I had something mildly dramatic to recount to Joseph Heller as soon as we met. "It seems I have just been pickpocketed..." but before I could explain I was still able to pay for lunch, quick as a flash, in a pungent Bronx twang. Heller interrupted me.

"So how much money do you want?"

He could not have timed the quip better, but perhaps he had already set alarm bells on the menu and seen the ever-so-subtle writing on the bottom of the *à la carte* list - "Seventy five pounds", written out in full, as is done on television with freak football results ("thirteen-nil") in case plain figures are taken for misprints.

Food matters to Heller. In his newly published memoir *Now and Then*, the evocative descriptions of his Coney Island upbringing are laced with the tastes and smells of a well-nourished childhood: Nathan's hot dogs, Solly's honey-glazed doughnuts, hot pea soup in the Stygian gloom, his first hero sandwich, potato knishes, butter pecan ice-creams.

I explained that I read half the book with a watering mouth. Did they really taste that good, or was it just nostalgia?

"They really did. Nathan's hot dogs were fantastic, and they still are. They are probably the best hot dogs in the United States. It is junk food; I would not want to eat it every day, but it evokes memories of a very happy period in my life."

I made the mistake of mentioning that, while I was all too familiar with hot dogs, I did not often eat in places like The Oak Room. Heller became touchingly paternalistic: I should pick whatever food I wanted ("preferably something with a supplement charge") and whichever wine I wanted ("but probably not more than one bottle"), and he would go along with it. We jointly picked fish.

We were there to talk about Heller's memoir, but we had not even begun toying with the *amuse-gueules* before I succumbed to the temptation of asking him about *Catch-22*, his masterpiece which, as I told him, was the first book I ever had to stop reading because it made me laugh out loud in public spaces.

It was based on a now-familiar paradoxical twist which had made the phrase a summation of so much of late 20th century life. Did he see *Catch-22* moments wherever he looked?

"Well, we are having one right now. Novelists who really need publicity are not invited out to lunch by newspapers. But once they become famous, they cannot stop getting more and more publicity."

"Money is another one - you cannot get credit if you do not have money, but it is when you do not have money that you really need that credit."

This seemed from the heart, or at least the pocket. Heller was brought up in a working class Jewish neighbourhood, "although I never felt I was poor. I



Joseph Heller: 'I am coming to the end of my career, the end of my life, and I can accept certain things without shyness. I am very satisfied with what I have achieved'

know there were rich people but they were not close to me."

He says he did not feel financially secure until the publication of his second novel, *Something Happened*.

He can - and does - recite precise figures of the advances and film rights for his first books to illustrate his point. He concedes he is well-off now ("but not by the standards of Financial Times readers"), and just a few weeks short of his 75th birthday, generally sounds like he is in stock-taking mood.

For instance: I asked him how he felt about inventing one of the most famous phrases in the English language.

"Very gratified, now. I was not so comfortable about it 15-20 years ago. But now I am coming to the end of my career, the end of my life, without being morbid about it, and I can accept certain things without shyness."

"I am very satisfied with what I have achieved. It may sound complacent and smug, but I

would have to be some kind of deranged megalomaniac to pretend I was anything but pleased with my life."

But Heller has not entirely put aside his acerbity. He believes in an entire class of stock-holding,

everywhere his memorable character from *Catch-22*, the indefatigably entrepreneurial Milo Minderbender: "Like capitalism, he was amoral, he provided good things and bad things. He didn't think about consequences. He was anti-social and unpatriotic. In fact, he was a forerunner of the multinational corporation and the global economy."

In a couple of days, Heller was due to visit Oxford, and he mentioned with some sadness the recent opening of a business school there. "I still like to think that education should prepare students, not train them in a vocation."

Perhaps they could all read *Something Happened*, a story of an executive suffering mid-life psychological paralysis?

"But the people who best succeed in business would not understand it"

wide-investing Americans, has been achieved at a cost. A feeling of loss pervades *Now and Then*. At various times over our lunch, Heller laments the decline of the family, political idealism, the rides at Coney Island, and plenty more besides.

He looks around and sees

Truth of the Matter

Modern Times are a-changing

James Morgan explains why 'event-centuries' do not fit neatly into 100-year periods

There has been some dispute recently in the letters columns of British newspapers about when decades really start. We have a clear idea about the 1920s, 1930s and 1960s. The 1970s are a bit odd but they probably ended, in Britain at least, when Margaret Thatcher came to power.

There is no system for obtaining international agreement on such issues - surely a grave lacuna in a world where the Christian dating system has been transmuted into the Common Era.

But different times mean different things to different people. When did Modern Times begin? British historians have been inclined to favour 1485 and the battle of Bosworth Field which saw the Tudors take over. That is not much good elsewhere. Many will choose 1492 - the discovery of America. Some might consider 1453 a turning point when Constantinople was sacked by the Turks and a lot of early

classical learning started to spread to the west.

But accepting that date would give the 15th century no clear, discrete identity. The trouble is we want a century that roughly corresponds to a period of 100 years beginning in year one, or for most people, nought.

This highlights a problem that has dominated the thinking of time theorists. Leon Kreitzman, senior fellow at the Future Foundation, in a talk in London last month to a conference entitled The 24-Hour Society, made the distinction between "event-time" and chronological or indicative time.

We have not lost the habit of thinking of time as the period in which something happens rather

than what is registered on the face of a clock. But, as Kreitzman pointed out, in today's world we cannot say we will hold a meeting when the cows have been milked. It is interesting to note that the Oxford dictionary until quite recently contained the phrase "pissing-whistle", which apparently provides a universal reference for the measurement of elapsed time.

So what are we searching for as definitions of discrete "event-millennia". Is it not true that the first millennium ended in 1066 - for the British and probably the Americans at least? But the French and Germans might decide to make the crucial

moment Christmas day 800 - the coronation of Charlemagne at Aachen. That is a terrific day on which to open an event-century but not a millennium. The trouble is that it is hard for most of us to think of anything that happened between 800 and 1066.

But now I am pleased to say I have found the answer. We in Europe started to move from event-time at around the beginning of the modern era, when people began to care about dates and measure time on the basis of a more or less agreed system. In China, the dynasty was still the key - a classic event-time civilisation.

My solution means modern

times began in 1517. That was when Martin Luther stuck his famous theses to the door of the cathedral at Wittenberg and unwittingly sparked off the Reformation.

That century ended in 1618 with the Battle of the White Mountain, which inaugurated the Thirty Years War. The war occurred because the crisis that resulted from Luther's action generated impossible tensions, which Europeans resolved only after three decades of bloodshed and brutality.

The 18th century was a bit shorter - only 97 years. It began in 1715 with the death of Louis XIV. That date saw the establishment of frontiers, in western Europe at least, which

defined nationhood for peoples who previously hardly knew what a nation was. France was in geographical terms more or less the France we know today and the people in it French.

The Dutch and the British, the Spanish and the Portuguese enjoyed the same privilege.

One hundred years takes us to 1815 and the start of the 19th century. That date marked the end of France as the European superpower and had seen the first seeds sown in the establishment of a German nation, more than one in fact. The following 99 years are familiar to readers of the historian Eric Hobsbawm as the Age of Empire. Europe's frontiers stabilised and new ones

were established beyond the seas. The growth of the nation state within defined borders was emphasised by the emergence of a new one - the US.

The 19th came crashing down in 1914, when what Hobsbawm calls the Short Century began. It ended supposedly in 1991 with the collapse of the Soviet empire.

But the iron law of centuries is too strong for us to accept that. It will by now be clear that something will happen around the middle of the second decade of the next century that will truly mark the end of the 20th.

But will that event mark a new age of horror, as in the 16th or the present century? Or will it herald a new era of peace and prosperity for some, as did the peace of 1815? And will we know it when it happens?

James Morgan is economics correspondent, BBC World Service.

● Last week's column by Sir Sigmund Sternberg referred to Crown Prince Hassan of Jordan, not Hussein, as appeared.

PERSPECTIVES

When the past struggles to catch the past

Robert Graham looks at the case of Maurice Papon's war crimes trial

As Maurice Papon walks into the Bordeaux courtroom he exudes the irritation of a self-important man interrupting a weekend in the country to attend an unwelcome business meeting.

His immaculate clothes, erect posture and careful grooming hint at vanity and arrogance, remarkable in an 87-year-old. This is reinforced by the way he settles into a comfortable chair and lays out a thick bundle of files, ignoring the buzz in the courtroom.

He scarcely deigns to glance at the public gallery, most of whom are party to a civil action against him and are now making pointed remarks. "Arrogant old bastard," a spectator whispers.

Papon stands accused of crimes against humanity. Yet even with a bullet-proof glass barrier shielding him on two sides it requires a leap of the imagination to associate this former French deputy and ex-minister of the Fifth Republic with the most serious crime in a nation's jurisdiction.

He is charged with authorising the deportation of more than 1,300 Jews in 10 convoys while a young official of the collaborationist Vichy government during the Nazi wartime occupation of France. He is the first and only French bureaucrat to face a war crimes trial, other than the direct members of the Vichy government. They were all tried in the immediate aftermath of the liberation.

The gravity of the charge, and the distance of more than 50 years that separates the events from the trial, increase the sense of unreality in the courtroom. The young Maurice Papon is on trial, not the man before the court: the senior servant of state decorated by General de Gaulle and on good terms with many of the illustrious names in France's post-war establishment. Even the stern figure of Jean-Louis Castagnède, the presiding judge, seems at times confused by the split identity of the accused.

From the start of the trial last October, Papon has played heavily on this confusion of identity and the difficulty of interpreting 50-year-old facts in the light of today's knowledge. Beyond his defence of obeying superior orders, he has sought to use his post-war career as a character reference: relying on the fact that his Vichy past was known to the Resistance movement which gave him a clean bill of health on liberation, and which was endorsed by his subsequent acceptance in the corridors of power.

Papon conducts much of his own defence with a sharp tongue and wry wit, firing such one-liners at his accusers as: "That's not a question, it's an aphorism."

Among the public, his staying power gains grudging recognition. "Papon's stamina is remarkable - even if the judge has wrongly allowed him to be kept comfortably out of prison and the sessions are only half a day," says 64-year-old Eliane Damange, who has followed the trial from the outset.

She lost eight close members of her family, including her parents deported to Auschwitz. For her, Papon's role as an eager 30-year-old secretary-general in the Bordeaux prefecture is ever-present. At the age of eight she was brutally separated from her parents as they were rounded up as Jews (she and two brothers were saved after being hidden by a policeman).

"I was one of the first to join in a civil action after Maurice Papon was exposed in 1981. There will only be justice for my family and other Jews who have lost relatives if Maurice Papon is found guilty."

René Panaras, also 84, shares the same sentiment. Now retired, he attends the trial daily as a kind of vigil to the memory of his two deported grandparents. His grandfather was a Lithuanian Jew who escaped the pogroms by going to Sweden, where he married a Swede before ending the war as a tailor in Bordeaux. "At least we should get a verdict while Papon is alive," he observes dryly.

The trial was expected to be completed before Christmas and Judge Castagnède is now pledged to complete the proceedings by March 26. The large number of witnesses called by the prosecution, the civil parties joined in the action and Papon's defence have overwhelmed the timetable. Each witness is allowed to make an uninterrupted deposition. With the average age of witnesses around 70 (the oldest 93), reminiscing as much as giving evidence, the process is slow.

The pace of proceedings has also been affected by the theatrical tactics of Serge and Arno Klarsfeld, a father and son lawyer team who have been in the forefront of trying to bring Papon to justice. They are concerned as much with the verdict of history as that of the court, determined to demonstrate that the Vichy administration was an important part of the machinery that sent Jews to the gas chambers.

In an aside that almost derailed the trial, Arno Klarsfeld revealed the extraordinary coincidence of Judge Castagnède being related to some of the people Papon is accused of deporting. However, Klarsfeld's attempt to introduce a new judge was rejected as it was accepted that Castagnède was unaware of the family of an aunt of his by marriage had been deported.

Despite such histrionics the Klarsfelds are aware the law may not be on their side. Establishing the war crimes responsibility of a subordinate in an administrative chain, ultimately controlled by the Germans, is proving difficult. Papon worked under the *préfet*, Maurice Sabatier, who was responsible for the local police and the bureau of Jewish affairs. Papon denies personally supervising the deportation lists of Jews (French and foreign), arguing this was German-controlled.

Time and again the evidence falls into the grey area of guilt imputed to a man forming a key part of a machine operating in flagrant violation of humane behaviour. Take the case of a round-up in January 1944 that led to 228 arrests. The arrest warrant, entitled "arrest of Jews on the order of the German authorities", was signed by the five top figures in the local French administration, including Papon. The warrant gives instructions

down to how to handle pets belonging to the arrested families. Papon is found writing a note expressing satisfaction at how the operation successfully separated Aryans from Jews with a few "interesting" cases left to be settled. He is also seen to be aware of details of the deportations and fall in court on the credibility of his answers.

The prosecution also needs to prove Papon was aware of the ultimate fate of the Jews being arrested in Bordeaux. No convincing documentary evidence has emerged, other than implied knowledge through such circumstantial hints as BBC broadcasts beamed to France (which first mentioned Jewish extermination in gas chambers in September 1942).

For instance, General de Gaulle from his headquarters in London made no special mention of the fate of French Jews. Jean Mattioli, the 75-year-old honorary chairman of the Association of Resistance Internees, came forward to say that even if Allied leaders knew about the Holocaust, the forces liberating the concentration camps were completely unprepared for what they found. He survived Belsen.

Harder still to pin down has been Papon's ambiguous relationship with the Resistance movement. Papon has used his formal membership of the Resistance as a badge of honour; but he was only accepted as having been a member in 1953, 14 years after the liberation of France.

Prominent Resistance figures have testified to the part, albeit small, he played. His defenders highlight how he was one of the few Vichy officials to be immediately confirmed in office by de Gaulle on France's liberation. Yet Jean-Pierre Bloch, the most decorated surviving member of the

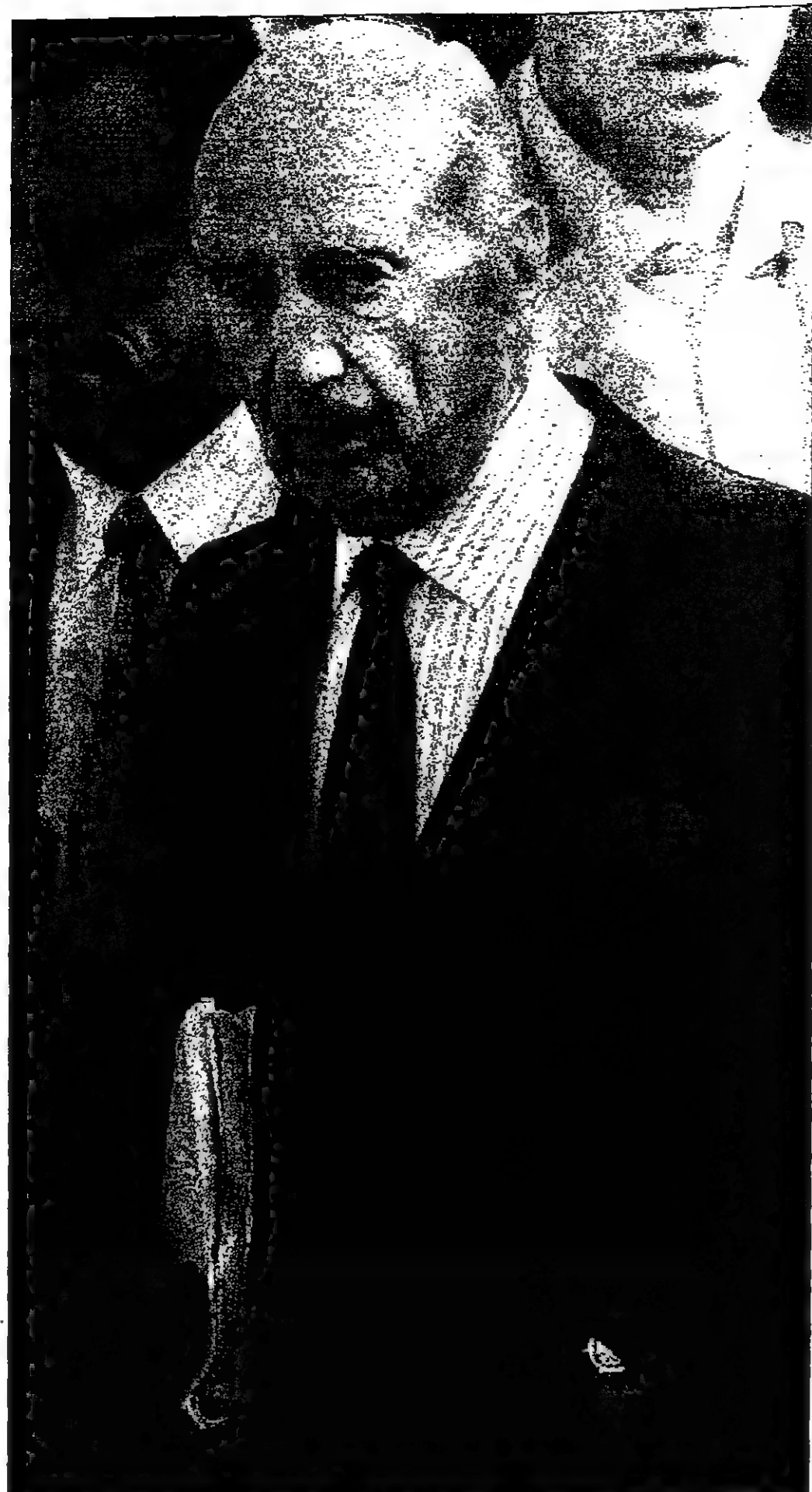
Resistance, now 93, said in dramatic testimony: "For me, Maurice Papon, was not a member of the Resistance. If he was, it must have been in a very clandestine way."

Bloch had been one of two dissenting voices in a five-person "jury of honour" that, in 1981, found no grounds for stripping Papon of Resistance honours after revelations of his involvement in deporting Jews. The jury nevertheless concluded that Papon should have resigned by 1943.

Between the contradictions, Papon emerges as a clever opportunist who trimmed his loyalties to the fascist ideology of the Vichy government and then hedged his bets as the tide of war turned in the Allies' favour. Like many a right-wing Frenchman at the time, he was tinged with a strong streak of anti-Semitism and a fear of communism - the "Judeo-Bolshevik conspiracy".

The Resistance movement itself was badly split along ideological grounds. As for General de Gaulle directing the war effort from London, he clearly placed the liberation of France above concerns for the plight of Jews. After the war, he was also prepared to overlook war crimes to employ loyal anti-communist officials.

Against this background whether the Papon trial can produce a catharsis for the murkier and more shameful episodes under German occupation is doubtful.



Maurice Papon, sharp-tongued in his defences: 'That's not a question, it's an aphorism'

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Technology has had contradictory effects. On the one hand, it allows records to be miniaturised - the entire 20-volume *Oxford English Dictionary* is contained on one CD-Rom disc. Newspapers and state archives can be reduced to microfilm. On the other hand, technology has increased the number of ways in which information is spread, while at the same time stimulating the number of magazines and books published each year - about 100,000 titles in the UK alone. It gives library access to thousands of remote readers using computer screens, but it also stimulates reader demand for physical access to the library.

To put everything into digital form for easier storage and access would take years, and is expensive. Furthermore, the shelf-life of digital records is not known. Books have lasted 500

years, and microfilm is said to be good for 100.

National libraries are in a bind. As museums, they are responsible for collections representing the culture of the nation - often of other nations, too. Scholars will always want access to originals, and the public to their national treasures.

As repositories they have an obligation to future historians. Although the British Library no longer takes every Mills and Boon romance, every book on cat care, sex guide or seed catalogue, wedding material out is a problem. As Ross Shimmom of the Library Association, and a former adviser to the BL, puts it: "How do we know what is going to be useful?" Some of the world's most important documents were saved by accident; a few years after Shakespeare's

first folio was published, the curators of the Bodleian library in Oxford, seeing it as the work of a minor poet, threw it out.

To discharge their debt to the future, national libraries need to extend the range of the material they take in. Sir Anthony Kenny, the British philosopher and former chairman of the BL, heads a government working party which is considering how "legal deposit" - the right of designated libraries to receive new publications - might be extended to cover microfilm, CD-Roms, electronic journals and databases.

His committee, due to report in June, is working for a voluntary arrangement with publishers until legislation can be introduced.

Even with the growth of "virtual" books, hard copy will still be published, Sir Anthony says,

right through the next century. "And there is still an archive of pre-electronic material to look after. Even if it made sense to digitalise every book, it would be pretty barbarian of us to burn the originals."

The library's shelf space in London will be full by 2000. But this is not the real problem. Only about 5m of the BL's total 18m items are consulted each year, and books in less demand are kept in a country depository in York. The problem is the people. By 2006, the reading rooms will be overflowing.

Modest it may be compared with the monster of Tolbiac, but the British Library is still the biggest UK project of its kind this century. If we were starting again, would we still build it?

We would have to, says Ross Shimmom. "Reading on screen is fine for short, factual items. For a book or journal it is much less convenient. For a long time, there will be a place for the printed word, and for a congenial place to go and read it. We call that place a library."

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Dispatches

The price of a soft landing

Michaela Wrong finds that corruption can have its attractions in Congo

The aircraft was sinking towards the misty green hills and individual palm trees were becoming visible on the ground when my sense of logic finally deserted me and the survival instinct took over.

There was just time to stuff the money pouch I had previously decided to carry casually in my trousers, to check my laptop was hidden by crumpled clothing and tuck into my back pocket a couple of \$10 bills, neatly folded for easy pressing into palms.

As the aircraft doors opened, it was impossible to control a slight quickening of the heart beat and a drying of the mouth.

Whatever people were saying about the new regime, this was Kinshasa's Ndjili airport and I was taking no chances.

Anyone who has travelled regularly to what used to be called Zaire will be familiar with the sense of physical nausea associated with this terminal. Throughout President Mobutu Sese Seko's rule it was a faithful mirror of a country's degradation, a thermometer of a society's sickness.

If you passed through fairly smoothly, you could count on finding some semblance of order on the outside. If you emerged on the verge of hysteria and several hundred dollars the lighter, you knew things in the country as a whole were bad. It would have been fascinating if it had not been so stressful.

The ordeal usually began with the aircraft intercom politely telling disembarking passengers that from now on, they and their luggage were on their own. The airline, it was reassuring to hear, could accept no liability for whatever happened next.

At the terminal doors, an official would seize your passport before disappearing into the building, an unnerving gesture designed to nudge you permanently off-balance.

Another uniformed official would then attach himself to you, promising to "arrange everything": that is, plunge into the seething bedlam inside and negotiate a reasonable cut for him and his colleagues in exchange for a passport stamp so expertly smudged the date was always illegible.

The biggest mistake was to get your money out too soon. Volunteer the first bribe - intended to cover all officialdom in your ambit - before your passport was safely in your grasp and your friendly official would vanish, to be replaced by a fresh round of uniforms, all demanding a piece of the action.

Payoff time had to be carefully judged: best was after you had entered the taxi and the driver had his foot on the accelerator, but before one of the soldiers circling like sharks in the parking lot noticed banknotes were being handed out. It could be tricky.

There were periods when things seemed to improve. When Kengo Wa Dondo, favourite with the foreign donors, was appointed prime minister, Ndjili became less terrifying for a while. The airport was placed under new management, the number of administrative hurdles slashed.

But like the Kengo honeymoon itself, during which futile attempts were made to rein in Mobutu's expenditure and balance the budget, it could not last because the rot had spread too far. Soon the police and army units had crept back inside the

terminal to prey on passengers. And as Laurent Kabila's forces marched across the country, a veritable feeding frenzy began. Time was running out and there were rich pickings to be made: camera crews bringing in television equipment, journalists with satellite phones, private security men with suspiciously heavy bags - the \$100 bills poured like rain.

The May 1997 takeover by the Alliance of Democratic Forces for the Liberation of Congo, I had been assured, had put a stop to all that. There were even apocryphal tales of immigration officials chasing after passengers to demand whether they had been asked for bribes. It seemed impossible, but it was true.

The place was as quiet as a churchyard. Gone was the medley of shouting soda sellers, pickpockets, shoe-shine boys, baggage handlers and baying police dogs, the flora and fauna of Ndjili's exotic ecosystem. I stared in wonder at the repainted walls and breathed in the tranquillity.

At the passport counter, the usual heaving scrum had been replaced by an orderly queue being methodically processed by a new generation of immigration officials sporting smart

spanielles decorated with the gold star and blue background of the Democratic Republic of

Congo. They were friendly and keen to practise their English, no doubt in preparation for the day President Kabila fulfils every French official's worst nightmare and declares Congo an anglophone country.

It seemed a miracle, the best possible advertisement for the new administration's campaign to clean up the civil service and reintroduce the concept of public duty. But as we waited in the strangely silent hall, a terrible realisation began to dawn on me. Certainly, we were not being harassed, and for that we were all enormously grateful. But this process was taking an awfully long time.

Arrival cards - a new invention - were really being filled in. Passport photographs were actually being inspected. Luggage was really being searched, not waved through on a nod and a wink. It was painfully slow.

Corruption, when it comes down to it, is all about greasing wheels. Like Congo's new ministers, who have started reinstating Mobutu's discredited aides because at least they know how to get things done, we were seeing what happens when you remove an effective informal arrangement without having an efficient formal system to replace it. Remove the grease and the machinery locks.

As we shifted impatiently from foot to foot, it was left to the grizzled Italian missionary in the queue, a man conversant with unpalatable truths, to say the unsayable. "Bring back the old team," he muttered with a sigh.

In President Mobutu's time, the terminal at Ndjili was a thermometer of a society's sickness

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To be or not to be - on the shelf

As technology takes a firm hold, Christian Tyler asks if there is still a place for libraries

The British public will soon be able to pass judgement on the 250m palace of culture for which it has so patiently waited. On April 21, the new British Library in London will be admitting people to those spaces, such as exhibition and meeting rooms, not reserved for scholars.

Entering by a small wrought-iron gate on Euston Road, visitors will pass Paolo's statue of Isaac Newton, walk diagonally across a chequered piazza (mind the invisible steps), and look up at a modest red-brick zigzag. Built on the old railway yards of St Pancras, the design to which Colin St John Wilson has devoted 35 years of his life is grand and domestic at the same time: it looks like the Forbidden City in Beijing, carefully shunted into a corner.

Because of cost over-runs and other mishaps, the library had a terrible press - until the day the critics were admitted. A mass conversion has followed, with praise for its interior scale, the

clever use of space and light, the beauty of the stone, oak and leather fittings, the imaginative conceit of the six-storey glass shaft at the centre which will house the King's Library of George III.

Last week, the Prince of Wales visited the building, which, at design stage, he famously described as "an academy for secret policemen". He made no public recantation, but "he was charming and very positive," said a library spokeswoman.

On the other side of the Channel, no praise at all has been heard for the BL's French sister. Monstrous in scale, pharaonic in conception, and costing more than twice as much, the Bibliothèque Nationale's new building at Tolbiac in the east of Paris has stunned Europe. It was the last and most important (to him) of

the monuments devised by the late president François Mitterrand, and bears his name.

What the French call, with an ironic shrug, the TGB - *la très grande bibliothèque* - consists of four symmetrical towers of glass, 80 metres high, L-shaped like open books, facing each other across a vast podium. Where the British Library puts the books underground and the readers above, the French architect, Dominique Perrault, has done it the other way round - a decision leading to an expensive redesign when it was discovered books do not care for heat and light.

Political vanity aside, the TGB poses the question, even more than the BL, why we need such monster depositories - each can hold 12m volumes - in this age of electronic transmission.

Technology has had contradictory effects. On the one hand, it allows records to be miniaturised - the entire 20-volume *Oxford English Dictionary* is contained on one CD-Rom disc. Newspapers and state archives can be reduced to microfilm. On the other hand, technology has increased the number of ways in which information is spread, while at the same time stimulating the number of magazines and books published each year - about 100,000 titles in the UK alone. It gives library access to thousands of remote readers using computer screens, but it also stimulates reader demand for physical access to the library.

To put everything into digital form for easier storage and access would take years, and is expensive. Furthermore, the shelf-life of digital records is not known. Books have lasted 500

years, and microfilm is said to be good for 100.

National libraries are in a bind. As museums, they are responsible for collections representing the culture of the nation - often of other nations, too. Scholars will always want access to originals, and the public to their national treasures.

As repositories they have an obligation to future historians. Although the British Library no longer takes every Mills and Boon romance, every book on cat care, sex guide or seed catalogue, wedding material out is a problem. As Ross Shimmom of the Library Association, and a former adviser to the BL, puts it: "How do we know what is going to be useful?" Some of the world's most important documents were saved by accident; a few years after Shakespeare's

first folio was published, the curators of the Bodleian library in Oxford, seeing it as the work of a minor poet, threw it out.

To discharge their debt to the future, national libraries need to extend the range of the material they take in. Sir Anthony Kenny, the British philosopher and former chairman of the BL, heads a government working party which is considering how "legal deposit" - the right of designated libraries to receive new publications - might be extended to cover microfilm, CD-Roms, electronic journals and databases.

His committee, due to report in June, is working for a voluntary arrangement with publishers until legislation can be introduced.

Even with the growth of "virtual" books, hard copy will still be published, Sir Anthony says,

right through the next century. "And there is still an archive of pre-electronic material to look after. Even if it made sense to digitalise every book, it would be pretty barbarian of us to burn the originals."

The library's shelf space in London will be full by 2000. But this is not the real problem. Only about 5m of the BL's total 18m items are consulted each year, and books in less demand are kept in a country depository in York. The problem is the people. By 2006, the reading rooms will be overflowing.

Modest it may be compared with the monster of Tolbiac, but the British Library is still the biggest UK project of its kind this century. If we were starting again, would we still build it?

We would have to, says Ross Shimmom. "Reading on screen is fine for short, factual items. For a book or journal it is much less convenient. For a long time, there will be a place for the printed word, and for a congenial place to go and read it. We call that place a library."

BOOKS

A land of oddness and eccentricities

Michael Thompson-Noel is completely won over by this winning description of Belgium

Hold the front page: someone has written a gripping book about Belgium. Luc Sante was born in Verviers in 1954 and emigrated with his parents from Belgium to America five years later when the company that employed his father, an iron foundry that made wool-carding machinery, went bankrupt. Sante and his parents moved in with friends in Summit, New Jersey. Yet prospects in America were not as bright as the family had expected, and nine months after their arrival they returned to Belgium.

Over the next few years, several more such crossings and recrossings of the Atlantic occurred, spurred by random events such as the Cuban missile crisis and the deaths of Sante's maternal grandparents. At length, he says, his parents

decided to remain in America, at least until the time was ripe for them to retire to Belgium.

All of which (and more) helps explain why Sante, an exceptionally gifted writer, became what he became: rootless, an exile - a citizen of some imaginary, composite country all his own. At the age of 35, however, he visited Belgium at the urging of his parents. Two years previously they had sold their house and car in New Jersey and moved their belongings to what could fit into the exact same nine packing cases that had accompanied them across the

Atlantic when they first emigrated to America.

As a result of this visit, Sante decided to acquaint himself fully with all aspects of Belgium's oddness. Part of the charm of *The Factory of Facts* derives from his exploration of his family's past. The rest comes from his subtle, often ironic but never petty, unfair or condescending disquisition on Belgium and its eccentricities.

Sante writes so winningly about Belgium that in mid-book I almost jumped in my car and set off for the Ardennes and the south-eastern provinces of Liège and Luxembourg that used to be

home to nearly all his kin. I didn't, as it happens, but as a lover of oddness I expect I will soon, such is the vividness of the

THE FACTORY OF FACTS

by Luc Sante

Granta Books £12.99, 276 pages

picture Sante paints of a country whose hallmarks, he asserts, are ambivalence, invisibility, secretiveness, self-doubt, passivity, irony and derision. With every passing year, he says, new cracks appear in

Belgium's foundations, the Flemish-Walloon controversy being exacerbated by the contrast in prosperity between their respective economies. The Flemish version appears to be on a continual rise, thanks to high technology and information enterprises, while its Walloon counterpart, still apparently struggling to find a workable substitute for obsolete heavy industries, seems to be declining at a corresponding rate.

What makes Belgium a country, apart from tangled history? In Sante's view the answers include: "Baked goods. Churches. Weather. The habit of

discretion. Fried potatoes. Shrubbery. The colour grey... Compactness, miniaturisation. Cleanliness... Brickwork. Clean consciousness... Reserve, aloofness... Silent children, well-bred dogs, massive houseplants. The fear of God, the god of fear. Wallpaper. Comic strips... A taste for scandal, especially morbid scandal... Kitsch. African. Flawed pop music piped everywhere... Leeks, chervil, gherkins, pickled onions. The ability to sit for long hours. White flowers. Tinted house windows. Symmetry. Monuments... Trees

like fists. Rhenish eyes... Pale yellow, brick red, black." Belgium has always been the butt of outsiders' jokes. As a result, part of its love of self-satire, says Sante, derives from its wish to pre-empt assaults by foreigners. (In America, David Letterman compiled a Top Ten list of possible duties for the Belgian astronaut on one of the Space Shuttle missions. No. 3 was: "Pretend to drive with colourful toy steering wheel"). *The Factory of Facts* is about a great many things: roots, language, identity, families and family life, childhood, loss of childhood, insiders, outsiders, the past, the present, remembrance, arrivals, departures, discoveries, culture, incongruity. Quite possibly, this beautifully written book will be the one that finally puts Belgium on the map.

The flip side of a pintsize terror

Some actors make a career out of playing their exact temperamental opposites on screen. Is acting a form of psychotherapy? Is there some deep compensation mechanism that requires attention-ah stars, such as Robert De Niro today or before him James Cagney, to strut, fret and yell on screen as borderline psychotics?

Cagney is John McCabe's second book on the Irish-American who barked through gutter classics like *Public Enemy* and *White Heat*, but who loved animals, was Hollywood's most faithful husband and won his only Oscar for tip-toe-tongue through the musical *Yankee Doodle Dandy*.

Having ghosted the star's autobiography, *Cagney* by Cagney, McCabe obviously had a choice between bonifiring the interview tapes and re-using them for a franker, fuller portrait. With biographies of late celebrities, after all, *de mortuis nil nisi verum*. The bonus has to be handed out to the living, who have attentive lawyers.

So McCabe's new James Cagney is more rounded and resonant in his mysteries. We know the on-screen Warner Brothers star. He was a likeable and dangerous animal that ran around the laboratories of American social life exploding test-tubes and cackling madly. He menaced people through his sinuses; he hitched his upper lip as often as he hitched his trousers. And though he never actually said "You dehydrated rat!", the line contained all the right noises to capture the spiky quiteness.

Compare this pintsize terror of public mythology with the actual - or apparently actual - Cagney. McCabe gives us a sweet-natured New England farmstead who painted, wrote poetry and stayed married for over 60 years to the same ex-

vaudeville partner; yet who also insisted on a weird arm's-length relationship with his two adopted children (housed under another roof in the same grounds) and was considered a cold fish by leading ladies.

In addition he was an affable nonentity to almost everyone save his fellow-Irish actor friends (Pat O'Brien, Frank McHugh and Co). You had only to watch Cagney on a chat show in his late years to see the problem. Acting was "just a job," he intoned on *Parkinson*, over and over, while Pat O'Brien had to fill in with the colourful yarns.

But maybe that reticence was the coiled spring that empowered the actor's ani-

CAGNEY
by John McCabe
Aurum £16.95, 429 pages

WORKING-CLASS HOLLYWOOD
by Steven J. Ross
Princeton £16.95, 351 pages

mation. And maybe there was a kind of post, too, in Cagney. Though the verse quoted in McCabe's book is mostly wistful doggerel, it has moments of philosophical striving - "Each man starts with his very first breath / To devise shrewd means for outwitting death" - that may explain why more always seemed to be going on in this actor's head, on screen, than in any of the people around him.

When not speaking, Cagney also had two means of articulation that no other movie star ever co-mastered in the same way. "I learned how to dance from learning how to fight," he said, and he gave both these and disciplines his unique signature: that of a small, pug-faced fellow who, once the camera rolled, could cash in his insignificant niceness for

something mercurial, edgy, dangerous, unforgettable.

Since Cagney was a great proletarian movie hero, it is odd he doesn't feature more in *Working Class Hollywood* (he gets one small mention). Admittedly Steven J. Ross, a University of Southern California history professor, subtitles his tome *Silent Film and the Shaping of Class in America*. But the book wanders briefly into the sound era and Cagney might have lived things up.

As it is, Ross trawls through the few class-struggle movies he can find after D.W. Griffith. Like a man who thinks that political cinema works only by pamphleteering directness. He wonders why there weren't more feature films like *Labour's Reward* (1928) and *The Passaic Textile Strike* (1929); his theory is that Hollywood capitalists killed them off.

There is surely a more grass-roots answer. Showbiz capitalists no doubt recognised that most moviegoers - probably including textile-strikers - would rather see Chaplin's *Modern Times*, Victor's *The Crowd*, Murnau's *Sunrise* or any other film that dealt with class or labour-versus-capital through metaphor, poetry, wit and fable rather than through hitting us over the head with placards.

This exhaustively researched book researches what seems to me a non-problem. Political cinema is all around us, even today. The only reason few films wear the label "political movie" is that few are only political. Enriched by art and entertainment values, they are - if any good - about more than politics. Ross kept reminding me of a man looking for a needle in a haystack, when one could tap him on the shoulder and say: "If you walk a few yards you'll find a whole sewing kit inside the house."

Nigel Andrews



James Cagney on screen he menaced people through his sinuses, hitching his lip as often as he hitched his trousers; but in private he was a poet, faithful husband and animal-lover

Memoir of irony and anguish

Josef Skvorecky is a subtle, acute critic of post-war communist Czechoslovakia. His keynote, like that of his compatriot Milan Kundera, is irony; he is not out to enrage his readers, preferring to unsettle them with his quotidian tales of small compromises and grand betrayals.

Neither does he care to dwell on the greyness, the grim pomposity of the Soviet-backed regime which took power in his native land in 1948. To be sure, they are always in the background, but Skvorecky chooses to paint instead little pockets of colour wherein reside those inseparable twins of oppressed peoples, hope and desolation.

Headed for the Blues is an oddly-structured work, opening with a fluid, at times rambling, memoir of Skvorecky's life under the communist regime (there is no mention of its overthrow in 1989).

He follows this account with 10 lightly-sketched stories which are written with greater cohesion and discipline; the effect is as if to emphasise that reality's daily grind really was a more complicated business than can be accounted for in the comforting forms of fiction.

Indeed it is in the memoir, tortured and tortuous, that Skvorecky's anguish best

establishes itself among his ironic quips and uneasy relish for paradox. Never far from the surface is a concern for the role of the artist - in effect an examination of his own plight - in a regime which showed scant tolerance for self-indulgent twitches of dissent.

He is embarrassed for the artist's "extraneous" claims to seek and dispense truth:

HEADED FOR THE BLUES: A MEMOIR WITH TEN STORIES
by Josef Skvorecky
Faber £9.99, 280 pages

"That's a big word, I know, we never know all the truth. But all of it that we know, we must tell. Otherwise our extravagance is an affront to the ones who died, fled into exile, killed themselves for their own extravagance."

Like the flighty improvisations of his beloved jazz music, artistic insights must be constantly buried out, played with, savoured and enjoyed - this, he argues, is ultimately one of the most effective ways of biting back. He celebrates the "beautifully wild music in the semi-banned discotheques" which disturbed the authorities by its very refusal to be tamed:

"barren themselves, they'll never annihilate it."

And like a keen young sax player paying tribute to an old master, he delights in his appropriation of a phrase of Hemingway - "that beautiful detachment and devotion to stern justice of men dealing in death without being in any danger of it" - for its ability to capture an "essential truth of our century".

But with a near-manic scrupulousness, Skvorecky undercuts the grandness of his claims with confessions of his weaknesses and uncertainties, declining the simple solace of religion ("ah, if only I could believe in a soul, but the world appears to me so devastatingly chemical") and portraying the unremitting disorientation of living in a world "born of the surrealist union of cannibal and machine gun".

After such an intensely personal account, the 10 tales which make up *The Tenor Saxophonist's Story*, written in the mid 1960s, are almost disappointing: the quips are there, as is the evocation of a twisted world where friends suddenly acquire wealth or turn grey and wrinkled without obvious explanation.

But this is cool jazz, dispassionate, tightly controlled, written for effect. "I play the sax, and continue living here," concludes the story's protagonist. "What do I know about the truth, or about the way things are going to turn out? Pilate, that's me."

A bleak resolution; but Skvorecky's bitterness is better served by his own, less tidy testimony.

Peter Aspiden

Under the skin of new South Africa

Fiction/Jeremy Gavron

As literary chronicler of apartheid, Nadine Gordimer never shied from the complexities of the old South Africa; now, in *The House Gun*, she slips beneath the skin of the new South Africa with equal sensitivity to its ironies and poignances.

Harald and Claudia Lingard are typical English-speaking white South Africans: liberal - as a doctor she lays healing hands on black bodies - but unpolitical, uninvolved. They have managed to lead their lives without reference to the violence and conflict in their country. "None of it had anything to do with them."

But then one day their son is arrested for murder. It is not a political act - Duncan has killed another white man over a woman - but it forces the Lingards to emerge from the "security monitored compound" they have moved into - from their own mental compound.

The death penalty remains on the statute books, and while his son awaits trial, Harald finds himself sitting in court with the families of two black murderers whose efforts to escape execution have become a test case. Duncan has himself appointed a black advocate, Hamilton Mtsamali, and slowly, ineptly, Harald and Claudia have to come to terms with "this stranger from the other side of the divided past. They are in his pink-palmed black hands."

While it explores the politics and violence of the new South Africa - the world in which a household of young men feel the need to have a gun lying around "like a house cat", *The House Gun*

bears a strange political correctness. Gordimer has written without apology from all sides of the race divide, but in an author's note to *Dance With a Poor Man's Daughter*, Pamela Jooste feels the need to explain at length her impertinence at writing from a coloured point of view. Jooste's heart is clearly in the right place and her story - a nostalgic portrait of the coloured areas of Cape Town that were vanishing by the Group Areas Act in the 1960s - is full of authentic details and colourful characters. But somehow this first novel fails to come alive.

The old South Africa hypnotised us because the repression was white-inflicted; in black Africa tyranny has to be far more terrible - and usually outlandish as well - to catch our attention. More people were slaughtered in Uganda under Milton Obote, but it is Idi Amin's regime we all know about.

Giles Foden's first novel, *The Last King of Scotland*, is the story of Nicholas Garrigan, a young Scottish doctor who bandages Amin's wrist after a car accident and is appointed the president's personal physician. At first, Garrigan is amused and flattered by Amin; later he comes to see the full horror but cannot break free from

his employer's grip, and remains to the brutal end. Foden is a fine writer and a keen observer of life. A shot cow crumpling "like someone who has had to sit down because they've been told some really bad news" is one of dozens of such gems. He knows his Uganda, too, and the early parts of the book in particular add up to a potted but often fascinating picture of the country: its diseases, history, the origins of its names, the uses

of its bananas (roofing, clothes, poultices, vinegar, packing material for guns and bodies).

The diversions, though, make for smoother travelling than the rockier main story. Foden's portrait of Amin is always lively and there are some wonderful moments, such as when Garrigan is pulling a baseball bat against Amin's belly to relieve his wind and the two men's ears meet: "What auricular secrets passed between us in that moment, I wonder now, what primeval tympanic drumbeats?"

But what was extraordinary about Amin's murderous buffoonery was that it was real; make him even partially fictional and he becomes a cartoon character. Truth may not be stranger than fiction, but in Uganda it was strange enough.

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BOOKS

Elusive poet and dutiful Victorian

Matthew Arnold's creativity was overwhelmed by a sense of obligation, argues Peter Scott

Ten years ago a conference was held in Liverpool to mark the centenary of Matthew Arnold's death (he had died in Liverpool although not, as has often been suggested, running for a tram). It was held under the formidable academic patronage of Miriam Allott, widow of Kenneth, the doyen of Arnold studies. The speakers included Anthony Kenny, George Steiner and Donald Davie.

But what had been a gift imprisoned: the poetic life of Matthew Arnold by Ian Hamilton
Bloomsbury £17.99, 288 pages

planned as a major re-evaluation of Arnold was a curiously fractured occasion. Three different Arnolds were present - the poet, the social critic and the schools inspector - each with his own day at the conference. The whole Arnold once again slipped the net of scholarly analysis - like the Scholar Gipsy of perhaps his finest poem.

Ian Hamilton's elegant new biography of Matthew Arnold does not attempt to capture the complete man. Although he had originally planned a full-scale life-and-works of this eminent (but enigmatic) Victorian, he has written an account of only one Arnold, the poet. Perhaps he was right to limit himself in that way. With the Allotts as editors of Arnold's poems, R.H. Super the editor of his prose, Park Honan as his most recent scholarly biographer, and Nicholas Murray the author of a more popular life published just two years ago - the field is already crowded with Arnolds. Do we really need another?

The answer is yes - probably. Hamilton is himself a distinguished literary critic and poet. When he was editor of *The New Review* in the 1970s he first published the work of some of today's most famous authors, including Ian McEwan, Julian Barnes and Martin Amis. As writer and publisher, therefore, he is well qualified to interpret Arnold the poet. Hamilton argues, as his title suggests, that Arnold's creativity was overwhelmed by an almost unbearable sense of obligation to - but also in competition with - the memory of his father, Thomas Arnold of Rugby, savagely characterised by Lytton Strachey as an eminent Victorian but really a Carlylean "great man", a man of frighteningly primal energy.

Poetry could only be regarded as an acceptable medium through which this obligation could be discharged if it was suitably heroic. But Matthew Arnold was a lyrical poet. It is "The Scholar Gipsy" and the "Marguerite" poems for which he is remembered, not the school-boy Homeric of "Sohrab and Rustum". So, convinced that lyrical poetry was unworthy of his father's intense example of the dutiful life, and unconvinced perhaps of his own worth as a poet (Harriet Martineau in a review wrote that "his [poetic] claims want the genuine stamp"), Arnold abandoned poetry - revealingly at about the same age at which his father had died.

Instead, he pursued a career of high-minded public duty, first as a schools inspector and, when his fame grew, as a public intellectual, the author of *Culture and Anarchy* and celebrity lecturer. His poetic gift imprisoned by duty, the remainder of his life was



Leaping easily between Poetry and Philosophy: Matthew Arnold depicted as a trapeze artist, by F. Waddy in 'Once A Week', 1872

spent in a kind of aesthetic denial.

Like many theories of the imagination, this appeals to our creative understanding. But the book leaves too much of Arnold out. Arnold was both less, and more, serious than Hamilton allows: he was less so because, as a rather lazy "crab" (his family nickname) when a child and school-boy, and later as a bit of a flop at Oxford and a young man in no hurry to begin a serious career, he disappointed his famous father; and more so

because there is no evidence to suggest that his public commitments in later life were lightly regarded.

He was deeply engaged in his work as an inspector, not because he relished wearying journeys round nonconformist elementary schools in provincial mid-Victorian England, but because it fuelled his public doctrines of culture and democracy - a Whiggish liberalism and secular religiosity that are still very much alive in Tony Blair's New Labour, New Britain.

Matthew Arnold insisted, in *Culture and Anarchy* and elsewhere, that we must see things whole. It is difficult, therefore, to justify the dis-aggregation of his aesthetic, political and cultural passions.

Divided he is diminished - a lyrical poet of the second order, an unwilling schools inspector, a prigish critic. But Arnold, although all these things, was none of them. Relegated by these divided particularities to Victorian irrelevance, united he appears a remarkably

modern figure. He moved decisively beyond the Rugby of Thomas Arnold and the Oxford of Arthur Hugh Clough into a troubled world of uncertain faith and clashing ideals - our world still.

At the end of his poem "The Scholar Gipsy", the protagonist, a reclusive in the Oxford hills, becomes a "Tyrish" trader - sailing through Atlantic waves and sheets of foam to undo his "corded bales" on a foreign shore. Culture unbundled - and a gift set free?

Monument to human ingenuity

New devices surely need new ideas. Less obviously, they depend crucially on new materials. And often it is the materials which really get things going. Alan Turing, the computer pioneer, would have no trouble recognising the architecture of the circuits inside your PC, although it would probably take a while to convince him that there were so many thousands of circuits, etched on to such tiny wafers of silicon.

Philip Ball offers a panorama of a 1,000 new materials for the next century. Together they represent a third technological era. In the first, we used materials as we found them - flint, bone, hide, wood, clay. Then trial and error showed how to process them, through baking, smelting, and, later on, a crude chemistry. That made possible a much richer material culture and, ultimately, an industrial society.

Now comes the third stage. Some materials will still come from extraction or conversion. But a great many more will be designed. You want to process information using light instead of electrons? Materials for light-based transmission, switching and data storage are almost ready. Tying with ideas for systems which can adapt better to their environment? Send for the catalogue of smart materials which sense light, heat or sound. Or perhaps you would just like to be able to roll up your personal computer? There is a new generation of flexible, light-emitting polymers which will help you make a screen that does not crack.

Philip Ball tells all these stories and more: how application of a little solid-state physics, a good deal of chemistry and a great deal of experimentation can conjure up virtually any material you wish. He explains how each is made and what it can do, and suggests a few general principles for understanding the new possibilities. One is a move from structural to functional materials. Engineers used to want materials which stayed the same. With them, they built devices in which the components did some useful job. But what if a single

material changes in such a way that it does the job - switching a signal on and off, for instance - all by itself? A thermostat made from two different metals bound together is the simplest example.

Many subtler applications are predicted. How about all-purpose clothes whose insulation improves when the weather cools, or food wrapping which changes colour after the use-by date? The second trend, implied rather than explicitly stated here, is that the right choice of materials can convert virtually any stimulus into a desired response. There are materials which react to any of a range of basic physical

MADE TO MEASURE
By Philip Ball
Princeton University Press
£18.95, 444 pages

changes - in light intensity, electric current, magnetic fields, temperature, or force - in controlled ways. Start with any one of these changes, and there is some clever stuff you can incorporate in your device which will give you any of the others.

A book on materials science is never going to walk off the shelves like the latest romp through cosmology. And, in truth, Ball's book has its longeurs: like many of the substances it describes, is information-dense; one begins to feel grateful that there is no exam at the end. Indeed, it is no disrespect to Ball's skill as a writer to say that his survey would make a good textbook for an introductory course in materials science.

For the rest of us, the sheer range of examples is undeniably impressive. None is the harbinger of profound changes in our world view, nor are any of them, individually, going to alter our lives appreciably. But every one of the new materials depicted here, with their electrons disposed just so, their magnetic moments tuned to perfection, their abilities and strengths built up almost atom by atom, in its small way, a monument to human ingenuity.

Jon Turney

A journey through sects and violence

Nick Haslam finds much to ponder in an insightful account

In September 1812, as the citizens of Moscow set alight to their capital rather than let it fall to the French army, Napoleon Bonaparte, standing at a window in the Kremlin muttered: "What resolve. What men! These people are Scythians!"

Philip Marsden, who discovered this quotation during a long winter's research at the Lenin Library, recently set off on a long summer journey across Russia to its southern rim, to the "place where sea-like flatness of the steppe breaks against the Caucasus and all the scatterings of non-Russian peoples".

His initial intention was to discover whether there were still any traces of the Scythians, an ancient tribe of horsemen, still to be found today. But, armed with a one-way ticket and driven by an informed curiosity, his wanderings turned up unexpected relics of more recent times.

In this distant land between the Black and Caspian Seas, he finds the eccentric and the marginal-

ised, those survivors of religious and political upheavals at Russia's core who have sought refuge in the remote southern borderlands. This well-written and insightful book is littered with a series of encounters with obscure sects whose beliefs are as fantastic as their names. Marsden talks to "spirit wrestlers", "Old Believers" and "milk-drinkers", who still practice their faith in small forgotten villages on the wide steppe or hidden valleys of the Caucasus. The journey unfolds at a leisurely pace, for the author never hurries and evidently has an affection and respect for the extraordinary characters he meets. His patience is repaid with hospitality and a rich stream of stories.

In a village on the Sea of Azov, he idles a day away with Father Gyorzi, a priest of the Old Believers, a devout sect whose followers scattered to the edge of Russia three centuries ago simply because they believed two fingers, not three, should be used to bless supplicants. A friendship forms,



Father Simon, head of the Old Believers, with his parishioners in the village of Lugovaya

and Marsden stays for a week, visiting other Old Believer settlements, where the old women tell him of their first sight of the virgin steppe, when the grass was so high that it formed arches above their heads, and of their years of starvation and hardship under Stalin.

Drifting slowly south, asking the right questions and always listening, he picks up leads and clues which flesh out the vivid history of this troubled land. In a run-down abandoned collective farm, he encounters the few surviving members of the Doukhobors, the Spirit Wrestlers, a devout sect which rejected the traditional trappings of church and priests. Believing that man should simply worship the light of goodness in himself, the Spirit Wrestlers were banished from northern Russia two centuries before. Tolstoy took up their cause, and the Doukhobors still revere the Russian writer today, a photograph of his grave having an almost talismanic significance

to his advantage, and the soldiers, who had begun by picking a fight, finish by opening their hearts and telling him of the horrors and near-certain death which await them when they leave its over.

Finally, following a tip from an Armenian painter in the foothills of the Caucasus, he travels to the newly independent mountain republic of South Ossetia. Here, people claim a common ancestry with the Alan tribe, close cousins of the Scythians, and Marsden learns from an academic that the tribe had travelled far across Europe, being used as border guards by the Romans and had even garrisoned Hadrian's Wall. Now, only the stone towers high on the hilltops mark the Alan's last refuge from the all conquering Mongols.

The book starts with Marsden leaving Moscow with a shopping list of people and places to visit in the land "where the perennial urge to conformity seems at its weakest". At times, the central thread of his journey risks becoming obscured; but never for too long, for Marsden skillfully intertwines past and present and brings some coherence to this turbulent landscape. He leaves us on the Turkish border, in autumn, with a clearer view into the lost zone of Russia's ragged southern borders.

THE SPIRIT WRESTLERS: A RUSSIAN JOURNEY by Philip Marsden
HarperCollins £17.99, 250 pages

Cautionary tales of modern class warfare

Ever since Thomas Hughes immortalised the hothouse of muscular Christianity which was Dr Arnold's Rugby in *Tom Brown's Schooldays* (1857), tales of surviving schools have occupied a special place in English letters. British educational institutions have been a source of great pride. For writers, the dormitory, the classroom and the playing field have proved rich in comic and tragic possibilities.

Until recently the books, like the schools, separated the boys from the girls. For the girls, the boarding school hierarchy of *What Katy Did*, *Melody Towers* and *St Trinian's*. For the boys, Kipling's *Stalky and Co.* and later the likes of *Willans' and Searle's* Nigel Molesworth. The more serious stories have often had a biographical aspect. In *Roger Fry*, Virginia Woolf wrote memorably of the vicious beatings which scarred her friend for life. Charlotte Brontë recounted her dreadful ordeal at Cowan's Bridge School in fictional form, as one of the trials of Jane Eyre.

Holland Park Comprehensive may lack the gothic glamour which the Victorian sadists conferred upon their centres of learning, but at its inception at least, it shared their sense of moral purpose. The flagship product of a new government policy, John-Paul Flintoff's camp was where education was created equal: when the old two-tier system of grammar and secondary was abolished in favour of a classless melting pot. His book combines the history of the school with an entertaining and thoughtful memoir of his years there (1979-1986).

Flintoff's parents couldn't afford school fees, but perhaps they would have chosen the local camp anyway.

Others did - including veteran Labour MP Tony Benn, the Westminster and Oxford-educated son of Viscount Stansgate, who renounced his hereditary title in favour of a seat in the Commons. Benn's wife was chair of governors at Holland Park, and on May 13 1971, the school's newly appointed headmaster, Dr Rushworth, had tea with the Benns. Earlier the same day, Caroline Benn had lunched with Margaret Thatcher, then education secretary.

At the time, Mrs Benn could not have known of the campaign against the education system.

COMP: A SURVIVOR'S TALE by John-Paul Flintoff
Gollancz £10.99, 285 pages

Flintoff has traced his classmates, and the roll call which concludes his tale makes strangely compelling reading.

Thus we learn that Ellen Beaton became a firefighter, Yemisi Fatodu a fashion designer. Desmond Mears was arrested for attempted murder and is now a sports teacher. Jeremy Simons, tormented at school, committed suicide. Lisa St. John became a prostitute and died of cancer. Diego Domingo Rey stood as a Communist candidate in Spanish local elections. Kylie Sterling went to Oxford and now works as a TV researcher. Justice Gardiner became a crack dealer. Flintoff himself is a journalist.

To place all these differences inside one class is something of a social experiment. To belong to such a group is a profoundly socialising experience. There may be a lesson here, but Flintoff is the gentlest of moralists. Survival, after all, is for the fittest.

He conveys the blatant hostility of the less privileged, the chaos of adolescent lust, and the comedy of classroom anarchy, while acknowledging the treacherous cruelty of which teenagers are capable. His classmates provide the jokes, notably the Spanish import Diego, whose catchphrase, "tomato", turns out to mean "I'm not" (I'll kill you).

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Susanna Rustin

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John-Paul Flintoff

ARTS

Now you see it, now you don't

William Packer on a centenary exhibition of the work of Magritte

Though not the greatest of painters, René Magritte has proved to be one of the most incisively influential, and certainly, since the war, one of the most truly popular of modern artists. In the age of the poster-as-print, there can hardly have been a student whose room at some time has not glowed in the railway-engine bursting from the fire-place, or the street dark and lamp-lit at mid-day.

The centenary of his birth is now being celebrated by a copious retrospective in Brussels. And in being so comparatively complete an overview, yet one set by now at a dispassionate distance, it throws an especially clear light on Magritte's formative years and his rapid early development through what now seems the most critical, radical and, in the longer term, most important period of his entire career. Had he died not at 48, as was the case, but at 85, he would still be marked out as an artist of major significance, and a true original.

The hang is loosely chronological, but admits regular and judicious comparison across years, even decades, that is constantly illuminating. Magritte said himself that while he had painted 1000 canvases, he had but 100 ideas, and time and again within their variation and repetition, it is the earliest manifestation that commands the eye and holds the imagination.

The show begins with "Attempting the Impossible" (1928), hung as a kind of frontispiece. It shows Magritte, the painter, not just confronting his model, who stands naked before him, but physically recreating her in the flesh - he a modern Pygmalion, as he paints her shoulder, and she (his wife?), Galatea. This one work is the clearest exposition of the idea of metamorphosis, the essential theme that informs everything of his entire mature career. Now you see it, now you don't. Here it is, no it isn't. That can't be there, but yes it is. This is this, yet something else. What is this: an image, a word, an idea, a bit of paint?

Contradiction and free, poetical association, often ambiguously erotic, are central to Magritte's art, as they are to surrealism at large; and it is all too easy to give to it a merely narrative reading and response. His own tendentious commentaries and gothic asides don't help, nor does his increasingly desiccated and literal handling of the paint.

But the first few rooms effectively nail the lie. Magritte, a student and young man in post-war Brussels, was inevitably exposed to the currency of the broader European avant-garde. He was in touch with the Italian futurists and with Dada, and through the early 1920s we see



"Black Magic", 1946, by Magritte: contradiction and free poetical association, often ambiguously erotic, are central to his art

him running through the gamut of *isms* - Impressionist, Expressionist, Cubist, Rayonist.

But, he said, "in the end, none of these experiences gave me great satisfaction, no doubt because the pleasure of painting any old way and any old thing must have seemed uninteresting to me."

Magritte had his eyes open wide enough for all that, and the enduring influences upon him within this broad context are now clear, of Max Ernst particularly, and even more, of Giorgio de Chirico, in his otherworldly, metaphysical clarity and imaginative stillness. Rather more unexpected, in terms of formal, structural simplicity and regularity, is the influence of Mondrian and constructivism in general.

But even before he came to "Attempting the Impossible", he was moving beyond the Surrealist into Conceptualism *avant la lettre*. And yet, unlike his near-contemporary and that current hero, Marcel Duchamp,

he would never subvert, let alone abandon as difficult and tedious, the necessity to paint.

Indeed, in all this period from around 1924 into the early 1930s, his actual working of the paint was, for him, at its most free, fresh and various. In such things as "The Eternally Obvious" (1930), a full-length nude of his wife, framed in separate bits from head to toe, he is revealed as a remarkable painter of both the portrait and the figure.

But more remarkable still, and oddly among the most haunting and beautiful in the paint of all the work, are his proto-conceptual visual teases and propositions, those near-abstract, amorphous blobs and shapes that float in indeterminate space, sometimes framed or roped around, sometimes labelled, sometimes left an enigmatic blank. *Miroir*, declares the brown blob floating to the left in "The Use of

Speech" (1928), *corps de femme* says the one on the right. In "The Apparition", a man in a bowler hat walks away between heavy black lumps. "Nudge", says one of itself, *fusil* says another, *cheval* another. So they must be if they say they are: but yet they aren't.

Perhaps the man in the bowler should have the last word. "I believe", said Magritte in 1927. "I have made an absolutely startling discovery in painting... I found a new potential interest in things: their ability gradually to become something else." The work of Magritte, sometimes beautiful always fascinating, is indeed something else.

Magritte 1898-1967: Royal Museums of Fine Arts of Belgium, Brussels, until June 28; sponsored by the Société Générale de Belgique. Travel information through the Belgian Tourist Office, 29 Princes Street, London W1 (0891 887799).

An amazing return to grace

The Arts Council is all set for reprieve under its new chairman, writes Anthony Everitt

The Arts Council of England is on the point of executing a Houdini-like escape from its troubles. Chained, locked in a box and suspended over the Niagara Falls of its mistakes and misfortunes, it must have thought its days were numbered. That, or something like it, was the received wisdom before Christmas.

But in recent weeks the mood at its Westminster headquarters has been lightening. An energetic new chairman in the form of Gerry Robinson, chairman of Granada and BSkyB, will be taking over the helm next month from the shop-worn and (in some eyes) discredited Lord Cowie.

Robinson, a tough businessman, is uninterested in the role of receiver and, rather than wind the Arts Council up, has said that he wants it to retain or even strengthen its funding role. "It must be the distributor of the available funds, it cannot just be advisory... a talking shop."

A new secretary-general, Peter Hewitt, formerly of Northern Arts, took up his post last Monday, and next week the council itself is withdrawing to Dartington for a two-day retreat at which it will ponder, and perhaps decide, its future role.

In summary (and to switch metaphors from magic to mortality), the patient is preparing for a full recovery, having spent most of 1997 apparently on its death bed. No time has been set aside for convalescence.

Robinson has made it clear that he does not expect any interference from the government. "If we're running the thing well, they'll leave a sign of relief," he told me recently. This comes as a bit of a surprise, for before the election New Labour had promised yet another review of the Arts Council.

Also, the saga at the Royal Opera House and the funding problems of the South Bank Centre's redevelopment plan have not endeared the quango to the culture secretary, Chris Smith. One can only assume that the beleaguered Smith has decided to give the incoming chairman a free hand.

But the Arts Council's sudden return to grace does not mean that things will continue as they were. Far from it. In a speech last month, the acting secretary-general, Graham Devlin, said: "It is no great secret that the arts development system in Britain is on the edge of what will probably be the greatest shake-up in its 62-

year history." So far as England is concerned, the programme of change will affect both policy and practice.

The Arts Council has learnt a lot from its experience of handling National Lottery funds. From being an organisation almost exclusively devoted to the traditional art-forms - opera, ballet, live theatre and the like - it has begun to interest itself in amateur participation and in the cultural industries.

It has noticed (not before time, many would say) that, in Devlin's words, "the wide schism between the so-called 'high arts' and the popular arts is much less pronounced today. The generation born after the war - and their children - find

change as it intends, it will have to find ways of ensuring that the RABs are fully accountable. This will probably mean that they will increasingly be treated in much the same way as the subsidiaries of a large corporation. For most of the time, head office will leave them alone to get on with the job, but will send in hit squads to sort things out whenever there is trouble.

Secondly, if almost all grant-giving (apart from national touring) is to be delegated, some RABs will find both their work and their budgets overshadowed by one or two very large arts organisations. This is already the case with some devolved regional theatres and the situation will be exacerbated as and when the regional symphony orchestras are also transferred to regional control.

One answer is to reduce sharply the number of regional funding agencies, so that each can then have a larger client list. Although this has the disadvantage of not "rhyming" with the government's nine planned regional development agencies, I would be very surprised if a proposal for four or five mega-regions, with a strengthened role for local authorities inside them, is not high on the Arts Council's agenda.

There will be a good deal of resistance to this package of reforms. Indeed, it is hard to envisage the present Arts Council of 33 members being willing to adopt them. It is packed with spokespeople of special interest groups, for the chairman or chairwomen of all the 10 regional arts boards, and of the council's own art-form advisory panels, are ex-officio members.

This means that it is very difficult to win support for radical change. If Gerry Robinson has his way, these representatives will all have to go and the council will be transformed into a small (perhaps, ten-strong) strategic group. The day of the panels may soon be over too, for a lean, flexible Arts Council at the head of a fully devolved system will probably only need lists of advisers whom the artform directors would consult as and when necessary.

The revival of the Arts Council will be good news for all who care about the future of the arts. It promises to bring to an end the futile quarrel between the regions and the centre and will at last enable it to speak for all England's rich and various cultural communities. It will also be quite a turn-up for the book.

'It must be the distributor of funds, it cannot just be a talking shop'

nothing strange in spending consecutive nights at the opera, a rock gig, a multiplex cinema and a football match (bank balances allowing)."

We can expect the born-again Arts Council to broaden its approach to encompass all aspects of cultural life. It is interesting to note that Robinson sees the development of the arts of Britain's non-European minorities as one of his first priorities.

Inside this new strategic framework, a number of practical - and not so practical - problems will also have to be addressed; for example, how can the council relate its lottery business more effectively to its traditional Treasury-funded work, and how can it bring some flexibility into the way it provides regular grants for arts organisations?

The biggest challenge of all will be the devolution of funding responsibilities from the centre to the regions. The last 20 years have seen a long, often bitter, power struggle with the regional arts boards fighting for more influence, and the council making as few concessions as it could get away with. New Labour is committed to decentralisation and we will certainly see a further major devolution package.

This will leave the Arts Council with two problems. First, if it is to stay in

Cabaret/Antony Thornecroft

Echo of a bygone era

Intimate revue: the words are redolent of a more stately age, when people dressed for dinner and afterwards enjoyed nothing more than a cabaret of the latest musical squibs from Noel and Cole, Gertie and the Gershwins. Now a lost form of entertainment, it can still sound an echo of the era when you could be both middle-class and sophisticated, camp and charming, and bithely, innocently, gay.

That enduring oasis of jazz in London, The Pizza on the Park, is currently paying tribute to revue, with a light-hearted, if occasionally

heavy-footed, show, *Three's a Crowd*, in which Steve Ross at the piano, Patricia Hodge as the soubrette, and Sheridan Morley playing, as ever, the avuncular narrator, attempt to resuscitate this most ephemeral of art forms.

Revue flourished in the bleak years between the wars, when escapism rather than satire, was what the public craved. Noel Coward's "That is the end of the news" was so silly that Joyce Grenfell performed it skipping across the stage, pig-tails flying: the cool Ms Hodge will have none of that. Numbers that must have seemed the height of

naughtiness then, like "I went to a marvellous party", now seem just charming.

We could do with some biting revue in an era when the entertainment industry has grown too grand for its own good; and in a spoof of what Kurt Weill might have made of *Chicago*, we get it. Indeed, the songs have been well chosen to show the range and mood that revue embraced - from Maggie Smith's first public success singing "Guess who I saw today" from *New Faces* to the escapist "Memories of You", which featured in the wonderfully incorrect revue, *Blackbirds* of 1927.



Cool and charming: Patricia Hodge

On a good night *Three's a Crowd* is probably a joy. I caught the trio looking out of sorts. It's a pity that Morley reads his script, and Ross and Hodge did not show more mutual charisma. Neither has a silver-tongued voice, but that hardly mat-

ters in revue: it is the variety, the wit, and the style which makes it such an agreeable diversion.

All these qualities were abundantly present earlier in the evening, when Ross did his solo spot. This veteran of the New York cocktail circuit is the complete professional, as happy adding Coward's verses to Porter's supreme "You're the Top", to injecting emotion into Novello's neglected "My dearest dear". Go for Ross and treat the trio as an encore.

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ARTS



'The Battle Between Carnival and Lent', by the 17th century Dutch artist Jan Miense Molenaer; another battle, more sedate but no less furious, is being fought at this year's fine art fair

Storm clouds over Maastricht

Crippling Dutch VAT and import duties mean that little is being sold at the fair, writes Paul Jeromack

So, you're finally going to Maastricht, then? asked a dealer friend. "It's the biggest art fair in the world. Twice as grand as the Biennale. You'll be overwhelmed... you've never seen anything like it."

Actually, I have. As a veteran of the summer flea-market extravaganzas of Brimfield (Massachusetts) and Madison-Bouckville (New York), I had seen it all before: the opening day crowds, a mix of Europeans and Americans, gathered impatiently behind the front gates... the crowded aisles and lavishly arranged booths... losing one's way in the maze of rows... the aching feet.

While there is a slight difference in the objects on offer (vintage Barbies and Fiestaaware as opposed to 18th-century Meissen and 19th-century bronzes), both events are famous for the overwhelming number of passionate, liberally-spending collectors they attract. Last year, The European Fine Art Fair at Maastricht attracted nearly 57,000 visitors, while Brimfield will bring in 300,000-plus.

Apart from the crowds, Maastricht is notable for its eye-popping displays of modern jewellery from such firms as Harry Winston, Cartier and Buccellati, and the

avant-garde interpretations of the Munich-based Hammerstein, featuring huge diamonds and other precious stones in dramatic, bulky settings of iron and brushed steel.

While the "Textura" section, devoted to the textile arts has been dedicated in recent years by the rival Asian art fair in New York in March, a loss offset by the increasing number of contemporary art exhibitors, what truly sets Maastricht apart from all other art fairs is the dominance of older European art: antiquities, medieval art, 16th to 18th century sculpture, furniture and tapestries and, most notably, Old Master paintings, specifically Dutch and Flemish cabinet pictures of the 17th century, of which there are a huge variety on offer, from dune landscapes by Jan van Goyen to floral bouquets by Bartholomaeus van der Ast and Jan van Huysum.

Among the most striking this year are Newhouse Galleries' tiny Godfried Schalken of 'Venus and Cupid', Johnny van Haften's 'Turbaned Blackamoor' popping out of a bull's eye window by the little-known Bartholomaeus Maton, and an unusually fine oval panel at Hall & Knight (of London & New York) by Jan Miense Molenaer of 'The Battle Between Carnival and Lent'. Carnival, depicted as a group of ragged, ruddy Dutchmen,

is on the attack with a spit laden with chickens and a menacing bloodsauce, while Lent is personified by pale-faced clerics, ready to administer fearful blows with a clutch of dried fish and a grille. Political allegory blunts the intrusion in the foreground as a swarthy Spaniard throttles a screaming Dutch lad, who vainly fends off his attacker by pulling his hair.

Another battle, more sedate but no less furious, is currently being fought at Maastricht this year. Up until a few years ago, it was equally easy to buy at Brimfield and Maastricht. You found something you liked, haggled with the dealer, agreed on a price, paid for it, took it and walked out. But the increasingly complicated Dutch VAT (a crippling 17.5 per cent), instituted in 1993, has caused consternation at Maastricht this year, especially among the new majority of non-Dutch exhibitors (133 out of a total of 175).

The unofficial spokesman for this group is the vice-chairman of Maastricht's picture section, the London Old Master dealer Johnny van Haften. He regards the present Dutch VAT system as, "Completely pointless and stupid... unnecessarily complex, organised

with a total lack of common sense and in a stranglehold of bureaucratic red-tape. If a non-Dutch dealer wants to sell directly at Maastricht, he has the option to sell it under the Dutch margin scheme or sell it plus 17.5 per cent VAT added to the price."

If dealers come from outside the EEC, they have to pay an additional (but refundable) import bond of 8 per cent on top. If they want to join the Dutch margin scheme, they need to register for VAT in Holland, which entails a separate set of books for all Dutch transactions. "I have enough trouble doing VAT returns in English, let alone in Dutch," says Van Haften. "But the Dutch VAT rules additionally require original proof of purchase and the name and address of the buyer - all sorts of information I don't see why they have any right to have. One's clients may not want other people to know they are buying works of art."

There is a way around this. Usually, if one asks an exhibiting dealer how business is going and his reply is "We've got a lot of very serious interest", what he really is saying is, "Lousy - I haven't sold a damn thing". At Maastricht, it more often means "I've really sold 70 per cent of my booth, but I won't invoice, bill and ship to my clients until I get off Dutch soil. I can't

afford to let the Dutch know how well I'm doing."

"I'm now treating this fair as an 'exhibition'," says Van Haften. "A picture is reserved here by a Dutch client, I take it back to the UK sell it under the UK margin scheme from my home gallery, and ship it straight back to Holland... which is absolutely ridiculous. It's a waste of time, and potentially dangerous for the paintings as they have to make two extra journeys."

The real danger, he says, is to the future of the fair. "There are dealers grumbling that unless this system is improved, they won't be coming back. It's a hell of a sweat for an American dealer to bring all their goods here, then have to ship them all the way back, then back in again when they should really pay the 6 per cent import duty and be done with it."

Dealers have suggested to the ministry of finance in the Hague that there should be an option to either pay the 17.5 per cent VAT under the margin scheme or 6 per cent of the whole price. "If you sell a picture for £100,000, pay £6,000 VAT, then you can deliver the goods to your customer, he can take it away, and the Dutch customs would get something. Now, they get nothing, because we're all going to ship our goods back home," says Van Haften.

Television/Christopher Dunkley

War from the horse's mouth

In Programme 2 of *The 50 Years War: Israel And The Arabs*, the series which begins tomorrow night on BBC2, the wife of the then Israeli prime minister, Levi Eshkol, tells one of those stories that bring history vividly to life. Towards the end of the Six Days War she received a phone call in Tel Aviv from the country's representative at the UN in New York, urging that the war be stopped since the Russians were putting pressure on US president L.B. Johnson.

Mrs Eshkol explained that her husband was inspecting Israeli progress on the Golan Heights, and was out of touch. Then her husband phoned to say how fantastic it was on the Heights - "You should see the view!" - and she passed on the UN message. "What's that?" said the prime minister, "can't hear you", and the line went dead.

Mrs Eshkol, no mean raconteur, admits that she realised the "faulty connection" stemmed from the determination to move the Israelis a few more kilometres forwards before international pressure prevented it. One is reminded of Nelson at the battle of Copenhagen, slapping the telescope to his blind eye and declaring "I see no signal". The difference is that world peace could have hung upon the Eshkol event, and it occurred within the lifetime of many of us.

Matters of international significance which have occurred within living memory have become the speciality of the company that made this series: Brian Lapping Associates, and in particular the series producer, Norma Percy. They have been responsible for such hugely admired programmes as *The Second Russian Revolution* and *The Death Of Yugoslavia*.

The granddaddy of this sort of television is, arguably, *The World At War*, made under Jeremy Isaacs at Thames Television 25 years ago. However, Brian Lapping Associates have developed, polished, and extended this kind of journalism, which combines archive material and new interviews with participants. Nobody escapes Norma Percy's questions or her camera, and it is rumoured that dying won't help. She just brings you back from the dead.

Shams Badran, war minister in Egypt in the 1980s, was said to be dead, yet there he is in next week's programme (directed by Dai Richards), giving an extraordinary description of Nasser and his commander in chief, both in tears over the dreadful defeat in 1967. Richards has done a brilliant job in packing into

50 minutes an account which not only gives a clear picture of the military events, but explains the political activity on all fronts.

The fascination is in the detail: the Eshkols in their pyjamas offering to accompany the Russian ambassador to the Syrian border to prove that there were no Israeli troops massing there; the Egyptian military leaders while flying on the way to inspect their forces, hearing, while in the air, that their air force had been destroyed on the ground, turning back only to find that their official cars had left, and catching a taxi back to town.

In a way it is a pity that the series could not start with the Six Day War; it is such good television. Yet tomorrow's opening programme, directed by Michael Simkin and Charlie Smith, does contain eye-opening stuff about the formation of the state of Israel, its relations with other countries, and in particular its internal political tensions.

One theme which starts here and recurs throughout *The 50 Years War* is the shameless way in which politicians within one country will exaggerate and misrepresent - some might say lie and cheat - in support of their own faction, over matters that could bring the rest of the world to the brink of war.

It says much for the accuracy and international acceptance of Lapping/Percy's previous work that this series has had co-production input from 14 other countries, including not only the US, Germany, and Japan but, far more significantly, both Israel and Arab states. At the heart of this achievement, perhaps, is the Lapping/Percy insistence on always going for the horse's mouth - whether it is kings or presidents, military chiefs or terrorists - rather than the words of journalists and academic commentators.

In Programme 4, Zbigniew Brzezinski, US national security advisor, tells of how he sat down to play chess against Menachem Begin during president Jimmy Carter's Camp David peace initiative, and of how Begin asked, "Do you know when I played my last game of chess? In September 1940 when the NKVD broke into my hiding place to arrest me". But in the middle of their game, Mrs Begin came by and remarked "Ah, chess! Doesn't Menachem love it - he plays all the time". It is typical of the stories we hear straight from the participants in *The 50 Years War*, speaking volumes about Begin, middle east politics, and humanity.

What's the difference between Radio 2 and Radio 4? It is tempting to say that Radio 4 deals with a serious subject seriously while Radio 2 takes the same subject and puts songs in it.

Take Radio 2's *Famous Last Words*. Presented by Anthony Howard, no less, a reputable journalist despite what he did to the New Statesman. This entertaining history of the obituary column reminded us of earlier, more candid days - The Times observed that "never was an individual less regretted by his fellow creatures" of the recently defunct George IV, while it accused his brother the Duke of Cumberland ("surely the most well-loathed personage ever to have sprung from our noble royal household") of adultery, blackmail, sodomy and murder.

Paradoxically, it was the old Thunderer that crystallised the obituary form as we now know it; while the Telegraph ("everyone was giggling" at the idea of this being a proper job, Hugh Massingberd recollected) and the Independent (via an ex-antiquarian bookseller) engineered further revolutions to give us the wonderfully readable farewells and brief lives that grace their obits today.

A pleasurable programme, punctuated by the music which is evidently Radio 2's security blanket. Much could be forgiven, however, for signing off with Cole Porter's immaculately sardonic account of murder and lynching, "Miss Otis Regrets She's Unable to Lunch Today, Madam", relayed by a bawler in tones faintly reminiscent of the late Arthur Marshall.

But an undertone of muzak was too much in *The Berlin Airlift*. Recent celebrations of the 50th anniversary of this massive rush

Radio Brief lives to music

to aid the city under Stalinist blockade were reportedly notable for ignoring (as so often happens in momentous events of world history in which the US was involved) the considerable British role played in sustaining a lifeline for food, medicine and fuel to the beleaguered Berliners. We heard from those who loaded up: "Eight of us could lift a Volkswagen into the plane". Mechanical diggers were "cut up" to fit inside. "It became a personal thing to make sure those women and children in Berlin lived." One cargo consisted of the Berlin Philharmonic. As one English voice put it, "It was far nicer rescuing people than killing people."

Young Freddie Laker was one of the commercial operators contracted to help the RAF. The British Forces Network's broadcaster included budding actor Nigel Davenport who, as an announcer, read the previously Top Secret news of the imminent airlift. (The cast of the serialised radio *Robin Hood* boasted Cliff Michelmore as Little John, Geraint Evans as Blondel the minstrel, and Bryan Forbes and Roger Moore among the foresters.) A visiting British politician compared the airlift (a take-off every two minutes) with "the regularity and precision of the London underground". Innocent days. There were few accidents, only 54 deaths. We heard one woman's account of learning of her pilot

husband's fatal crash in fog on his way back to Northolt to join his pregnant wife - "that was me" - from the paper.

Apart from its humanitarian value the extraordinary achievement made Stalin think. But the producer underlined every point with music of the day: relevantly, when the workers joked that their theme tune became the romantic ballad, "So Tired", tenacious when Christmas was underlined by "Rudolph the Red-Nosed Reindeer", and finally reducing me to fury as the dramatic pulse flagged and almost ground to a halt, tension punctured by yet another dance band.

"You mother-f***ing bastard" is not the sort of explanation one expects to hear set to music on Radio 3. This reminder of Michael Tippett's sometimes disconcerting enthusiasm for youth, modernity and being *au courant* occurred in *A Star Danced and He Was Born*, Natalie Wheen's Radio 3 tribute to the composer on Sunday. Wheen was once so ubiquitous that one took her for granted; but so many awful presenters have heaved themselves on to the microphone since then that her sheer professionalism stands out.

A Star Danced was a cracking programme with contributions in the strenuously genteel tones of Sir Colin Davis and the more demotic accents of Mark Anthony Turnage and Sir Harrison Birtwistle. Plenty of sound bites from the ebullient Tippett, alternately sensitive and tongue-in-cheek deflationary. Humanitarian, political in the broadest sense - "I have to sing songs for those who can't sing themselves" - he lived up to the phrase of Nelson Mandela that struck him so deeply, "one humanity, one justice".

Martin Hoyle

During the interval one of the Metropolitan Opera's management expressed a cautious optimism that the audience seemed to be enjoying the company's new production of *Lohengrin*. After all, as she observed, Robert Wilson can hardly be classed an avant-garde producer these days, but that was not how it seemed when the production team came out to face a storm of boating at the end.

Noisy scenes of barracking have become a more frequent occurrence at the Met in the last few years. Since it embarked on a policy of more innovative productions, the Met has chosen carefully, staying clear of what is commonly known in the US as operatic "struttrahs" by inviting the less flagrant wing of producers like Graham Vick, Tim Albery and Robert Carsen.

But even this limited spirit of adventure has come at a price: a feminist production of *Lucia di Lammermoor* was never accepted by Met regulars, and another new production will replace it next season. As European opera-houses can testify, being at the cutting-edge can be expensive.

For Wilson, a New York resident, this Met production marked an important homecoming. Although his formal debut at the house came as long ago as 1976 with *Einstein on the Beach*, he had never before been responsible for a standard repertoire opera. Now that many opera companies in Europe and the US have their token Wilson production, the Met understandably does not want to be left out - though one is probably enough for anybody.

Wilson has turned opera production into a science, systematically refining each opera's elements and stripping away its impurities, until he is left with

New York Opera/Richard Fairman

Wagner in slow motion



Stylish: Deborah Polaski in Wilson's production of 'Lohengrin' for the Met

exactly the same equation as before. It is no good trying to spot the difference between his *Cedipus Rex* and his *Phlebas et Melibde* or his *Parsifal* Wilson has lifted all these operas to the same stratospheric level of refinement and purity.

The Met's production of *Lohengrin*, also designed and lit by Wilson, opens with a light show of ravishing beauty during the Prelude. Apart from occasional boxes or strips of light, the stage remains empty, expunging any suggestion of a social or political background to the opera.

The story is simply viewed in a vacuum and the nearest thing to

action is the turn of a head or a raised hand. No character is allowed to interact with any other, though at the end of the second act Lohengrin did daringly take Elsa briefly by the hand, as he led her to church for their wedding. Over five hours this lack of involvement is a tall order for the audience to accept. Give in, and Wilson's static simplicity can seem beautiful and noble; resist, and his refusal to confront any of the issues that make the opera matter will be intensely annoying.

Apparently, Wilson was given an inordinate amount of time to rehearse his repertoire of stylised gestures. Deborah Voigt must have spent an age perfecting her gliding around the stage. Whatever else the production taught her about the role, it will have done wonders for her posture: Elsa always seems a level-headed character, but this one could have lasted the evening with the complete vocal scores of Wagner balanced on her head. Vocally, she has the power, but the radiance of tone is only there when she is consciously working for it (there is no beating Karita Mattila as the Elsa of our time).

Deborah Polaski made the most of being a *soprano* as Ortrud, singing the music with the extra staidly of touch that a lighter voice can achieve. Tall and elegant, she carried out Wilson's most demanding series of poses with real style. When Macy's

next hold auditions for mannequins, she should land a place centre-window.

At the moment every company wants to put on *Lohengrin* so that Ben Heppner can sing the title-role, and the Met is no exception. Though he does not give away much of his own personality in the role, Heppner does sing it like nobody else today. He moulds every line into an exceptional legato and the ease and fullness of his top notes are remarkable. In his Act 1 duel with Telramund, Wilson did not even let him touch his opponent, but Heppner's triumphant B flat afterwards, certainly delivered a knock-out blow.

Hans-Joachim Ketelsen's hollow-voiced singing as Telramund was no match for him, nor as sure and focused as the other baritone in the cast, Erik Wilm Schulte, the Herald, Eric Halfonson was the sturdy King Henry.

Having spent so long refining their one-frame-a-minute movements for the producer, the singers will have been psychologically prepared for the very slow speeds that James Levine, the Met's artistic director, had in mind for the music. At Bayreuth, where he has become an annual regular, Levine's Wagner tends to be not only slow but also heavy. Here, with his own orchestra (and what a sound they make, those opening high string chords nearly faultless and wondrously luminous in tone), his conducting seemed less glutinous, perhaps because the Met acoustic helps out.

Still, wherever one looked or listened, this *Lohengrin* was Wagner in slow motion. For all the various beauties of the performance, it is probably no surprise that the audience's patience finally ran out.

SPORT/MOTORING

Cricket

Paceman finding his stride after stint on the boundary

Ed Giddins' philosophical after a lengthy ban for taking cocaine, writes Christopher Lyles

It has been a long and wearisome 18 months for Ed Giddins. In that time, the 29-year-old pace bowler, who was good enough to tour with the England A cricket team in 1995-96 and show now be approaching the peak of his prowess, has been prevented from doing what he does best: bowling slickly and taking wickets.

Given the depth of quality bowlers in England at the moment, he might have played for the full England side in the intervening period. Instead, he has played no first-class cricket at all.

His enforced lay-off followed a random drugs test which showed positive. As a result, the port's governing body in Britain, the Test and County Cricket Board (now the England and Wales Cricket Board), banned him for 18 months after a disciplinary committee found him guilty of using cocaine. The ban, from all cricket under the board's jurisdiction, last until April 1 this year, and has been effectively worldwide.

To compound his misery, his county, Sussex, dismissed him. "I think that Sussex could have handled the situation a little better," comments Giddins with monumental restraint.

Sussex had the management then that it has now, I think it would have been handled a lot more professionally. And I believe that, since then, the ECB has changed some of its regulations as a direct consequence, which I think also shows it wasn't handled in the correct way."

Some commentators considered his punishment severe given that cocaine is a social, rather than a performance-enhancing, drug, albeit one defined as a Grade A banned substance. Cricket in England has long been considered a gentleman's game and the board was undoubtedly trying to protect the sport's image.

"It has been reported that, had I admitted to having a drug problem, things might have been different, but I was never in any danger of looking into a Betty Ford clinic," Giddins says with disarming candour.

"Perhaps I should have done so if it convinced people of my good intentions. I have been advised by a legal source that if I had said, 'Yes, I have got a problem', then they would have perhaps been a little more lenient to make themselves look better. I cannot admit to a problem that I clearly

He is happy to talk about cricket, but murkier matters are too sensitive

haven't got, although in respect it might have been the better thing to do."

After Sussex sacked him, several other counties sought to sign him up. He may reflect the shortage of talented fast bowlers in Britain as much as the fact that Giddins had not been trying to seek unfair advantage by taking cocaine. In any case, Warwickshire was prepared to take him. His contract with the county, where he will play under the leadership of the West Indian skipper, Brian Lara, begins on April 1.

But Warwickshire's readiness to employ Giddins fails to dispel the impression that offenders in other sports generally seem to be treated more leniently. Last month, a Rugby Football Union tribunal found Kevin Yates, the Bath and England prop, guilty of biting off part of an opponent's ear. He has been banned for six months. Yates' offence less serious than Giddins' in the U, where the National Football League has a drug and alcohol abuse policy, a first offence for using cocaine formally



Keeping England in his sights: Ed Giddins still aims for international honours after his ban for drug-taking ends

results in a four-game suspension. Is there a case for a worldwide code of conduct with consistent punishments?

Random drugs tests are carried out in the UK under the auspices of the Sports Council, but the governing body of each sport has the power to mete out the punishment it sees fit. When Paul Merson, the England footballer, admitted to having taken cocaine (as well as being an alcoholic and a gambling addict) the Football Association's watchdog was compassionate and he spent three months in a rehabilitation centre. Soon afterwards, and a much stronger person for his experiences, he was back on the football field and has since represented England again.

"I did appeal against the ban and that was a waste of

£10,000," he declares. "I had a few savings but I am certainly looking forward to some regular income again." He has been spending his time by undertaking work here and there, including selling Christmas trees.

"I am very optimistic about the future without being overconfident," says Giddins. "In terms of fitness, I have got myself into the best possible shape to resume my career. I am really looking forward to playing for Warwickshire and if it wasn't a realistic ambition to play for England, then I would not be playing the game."

But life between now and the end of this month, when Warwickshire fly out to South Africa for their pre-season tour, will be difficult

for him, as the end of his ban approaches and as the media seek him out. He says he is happy to talk about cricket, but considers any discussion of murkier matters too sensitive to broach. He has resisted all tabloid press offers to put his side of the story, although a book is due out in September.

Giddins remains an affable man, with a reputation for enjoying life. He made a mistake. Some questioned whether he would have the desire to return to the field. He has a lot of ground to make up, which he but he intends to do that. It is to be hoped that, should his preparations go to plan, the England selectors will let Giddins be Giddins. He has a point to prove.

Whitbread race

Toshiba loses leg

Keith Wheatley on a case of swift and severe punishment

Engines have been quite an issue in the Whitbread Round the World race of late. When the fleet sails from São Sebastião, Brazil, today on the 4,500-mile leg to Florida, many of the crews and skippers will still be talking about mechanical propulsion and the perils thereof.

Not least will be the team on board Toshiba, the yacht that was disqualified from the fifth leg and dropped down to sixth place as a consequence of running its engine to clear weed from the propeller. Even though the motor only ran astern for a few minutes and could not have speeded up the boat's progress towards the finish, the punishment was quick and severe.

Toshiba's skipper, Paul Standbridge, emerged from the protest room in São Sebastião visibly shocked by having just heard that Toshiba was disqualified from leg five. "I thought we might have had a fine for a clerical error I made," he said minutes after the judgment. "I didn't expect to be disqualified."

Around the docks there was considerable sympathy for Standbridge. The British sailor is now taking part in his fifth Whitbread race and is universally popular. His chance to be skipper for the first time came unexpectedly in Cape Town when the syndicate boss Dennis Conner sacked the Kiwi helmsman Chris Dickson. The "battlefield commission" from sergeant-major (Standbridge had been watch-leader) to captain was widely acclaimed.

Conner, sailing in the Caribbean, but kept informed of events by e-mail, is a notoriously tough sailing master. Standbridge was not optimistic about his future and had not expected to be still in charge today. He had primed Conner to expect a lesser punishment. "They expected what I told them to expect which was nothing as severe as this," the five-time Whitbread veteran said.

"One has to assume that my position is in question." Ironically, Standbridge is in the classic captain's role of taking responsibility for something with which he had no personal involvement. The incident occurred about six days before the finish, off the Argentine coast, when he was asleep. As the yacht battled for third place, one of Toshiba's crew went to check the propeller for weed. He duly found weed but also found that the propeller seal was broken. The crew member "rather stupidly in hindsight" started the engine and engaged reverse gear. "But because we were doing 10

knots the propeller did not open.

"When he told me what he had done," Standbridge said, "I gave him two new seals to seal the shaft. What I didn't do and should have done was send an e-mail to the race committee and shoot some video footage" to show the new seals being fitted.

On board a Whitbread 60 there is nothing unusual in having the engine running up to eight hours a day. With radar, computers, satellite navigation and water-making equipment, the yachts consume a great deal of electrical power which has to come from a generator rather than batteries.

Before the jury handed down its decision, both Standbridge and Team Toshiba had been silent on the details. It emerged that both Standbridge and Kelvin Harrap declared the use of the engine on their individual crew declarations. None of the other crew did. Standbridge and Harrap attended the hearing with tactician Ross McDonald and crewman David Blanchfield.

Although Standbridge was shocked by the outcome, others thought that Toshiba was lucky not to be thrown out of the entire race. "I think this was more serious than I think Paul thinks it is," Lawrie Smith, the Slik Cup skipper, said the evening before the hearing.

Slik Cup had earlier had its own problems about the use of the engine. When the team lost its mast from the boat between Cape Horn and New Zealand, the yacht motor-sailed towards the Argentine port of Ushuaia.

At that time it did not pull out of the leg, hoping to claim minimum points by simply finishing it.

Rivals said the team members should have eliminated themselves as soon as the use of the motor became a question of keeping to deadlines rather than saving lives. Such Corinthian attitudes do not cut an enormous amount of ice these days in the world of professional yachting, where every team employs a full-time rules adviser.

"There's a grey area in the race rules about motoring in an emergency," wrote Smith once he was ashore. "It doesn't really say how you decide when an emergency is over."

"To be eligible for the overall prize you must complete all nine legs, so when you have been running a multi-million pound campaign for three years, you do not just count yourself out of the race by not reading the rules properly."

Mooring

'Good enough to look you straight in the eye'

Stuart Marshall sample Vauxhall's new, shiny Astra

When it comes to replacing a best-seller, great motor industry minds do not think alike. Focus, the successor to Ford's evergreen Escort that was unveiled at Geneva Show last week, is as radical as the old one was conservative. On the other hand, the new Vauxhall Opel Astra, which goes on sale in two weeks, ahead of its Ford rival, has a family likeness both to the old model and its bigger brother, the Vectra.

As a car, Focus is still an unknown quantity. The Astra I sampled in Austria last month I rate good enough to look any class rival straight in the eye, the new VW Golf included. For the time being, it comes as a 3-door or 5-door hatchback or 5-door estate - a 4-door saloon will follow and, much later, a pair of rather dashing coupés and cabriolets.

Seven engines power the new Astra at its launch. The petrol units range from a 75 horsepower 1.6-litre in the entry-level Astra Envoy, to a multivalve 115 horsepower

Small commuter cars

1.8-litre in the upmarket models. The diesels are turbocharged 1.7-litre or 2.0 litre 82 horsepower engine with direct injection as used in the Vectra, the intercooler. Two petrol engines will be later in the year - a 1.2-

offering an official 43.5mpg (6.49 l/100km) average consumption and a high performing 2.0-litre. Most economical of all the Astras is the 2.0 DI diesel. Its 47.1mpg (6.1 l/100km) average just beats the 1.7-litre indirect-injection diesel's 46.3mpg (6.1 l/100km). In the

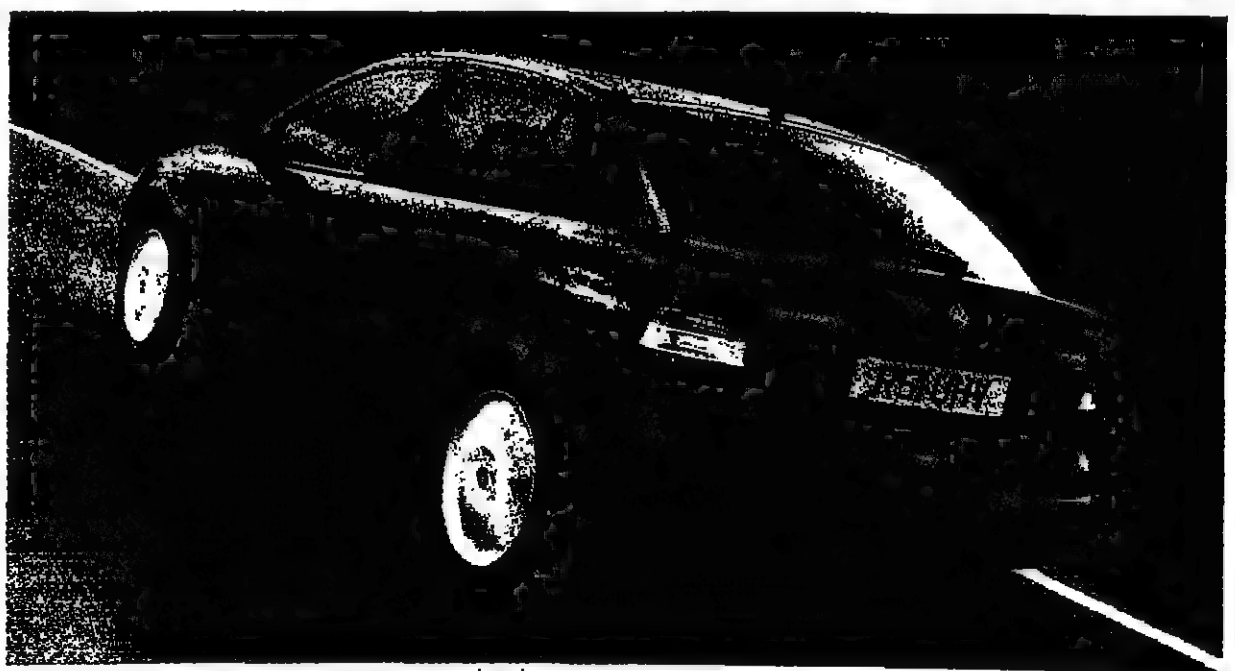
past, the Astra has been damned with faint praise by commentators who judge all cars by standing start acceleration times and their ability to corner on their door handles.

But with the people who matter - the customers - it has been a popular choice. In Britain alone, 1.5m have been sold since the first appeared 17 years ago. Performance comes low on today's list of priorities. Reliability, safety, security, refinement, comfort and economy are what matter in the real world and, in these, the new Astra shines.

The body shell, which is almost twice as twist-resistant as the previous model, is fully galvanneal and has a 12-year, anti-perforation warranty. Mounting the front suspension on a separate subframe has significantly reduced the amount of road noise reaching the interior. Longer wheelbase and wider track give the Astra ride and handling qualities as good as those of any class rival. Weight has been saved by using light alloys and

reinforced plastics. And the Astra has the same security system as the larger Vauxhall/Opel cars which are rated highly for their thief resistance. Power-assisted steering, standard on all Astras, uses a new electrohydraulic system instead of the steering pump being continuously engine-driven. A sensor detects when the wheel is being turned and instantly switches on an electric pump. This saves measurable amounts of fuel - half a litre per 100km or more than one mile per gallon.

After next week's UK Budget, British motorists will feel that any saving, however small, will be worth making. Driving the new Astras in the picturesque Austrian province of Styria was pure pleasure because the roads had as little traffic as they had in southern England 50 years ago. Rake and reach adjustment on the steering wheel, supportive but not too firm upholstery and well-placed minor controls and instruments made for relaxed vigilance. The 5-speed gearshift was as light as it was silky.



The new Astra: longer, wider, roomier - and more refined

An automatic 1.8-litre, 5-door I drove briefly would, I thought, nicely suit many motorists who regard using any gearbox, however good, as an unnecessary chore. Road roar and wind noise were well suppressed. Even the entry model 1.6 litre Envoy was as sweet as a nut when cruised on the motorway and a 2.0 litre diesel estate was as quiet and nimble as any of the hatchbacks despite its extra load-carrying capacity.

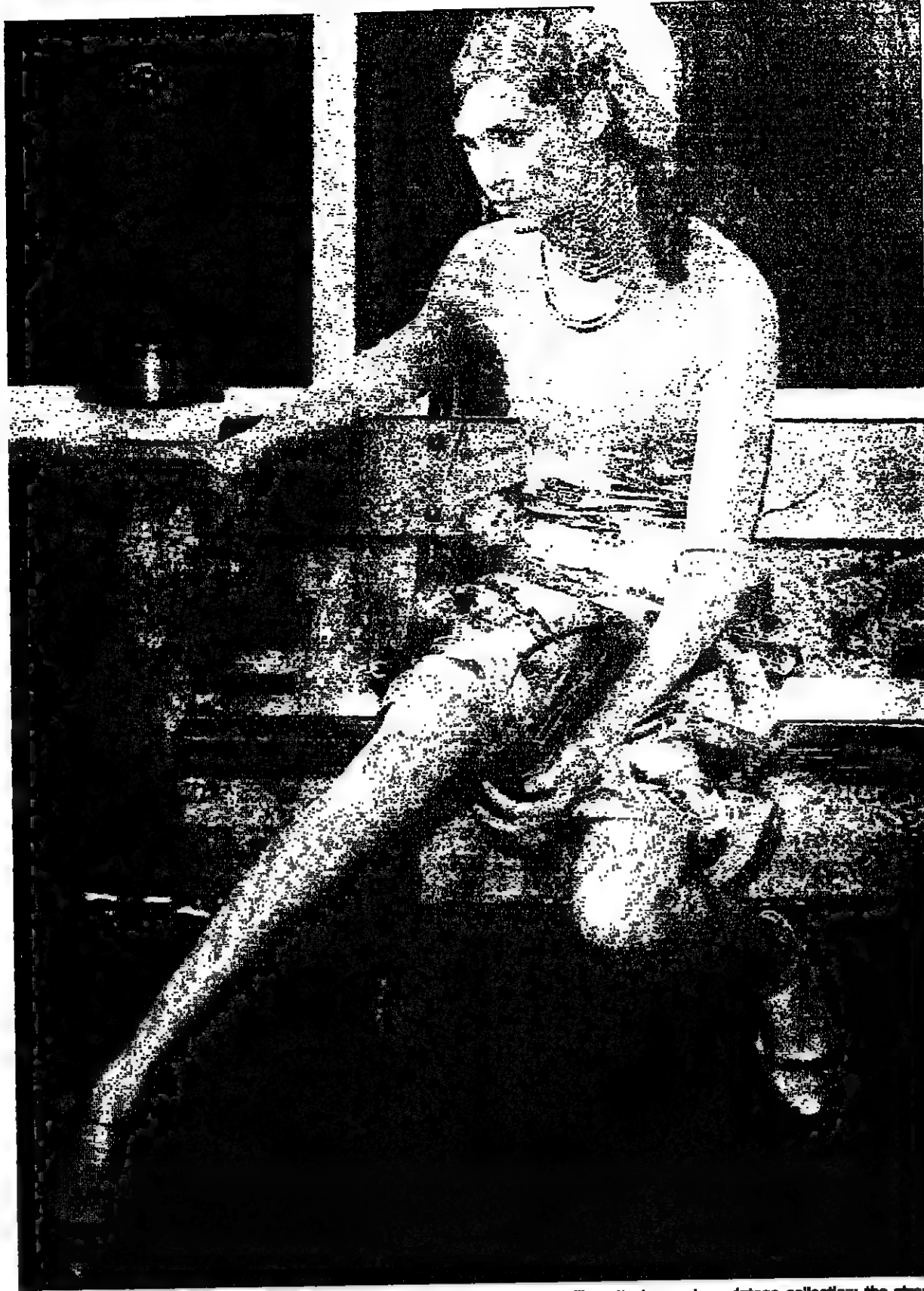
In all, the new Astras felt like cars in the next class above for size and comfort. Ex-showroom pricing, excluding only road tax, is more than competitive. The cheap-

est Envoy 3-door is £11,570 and the LS 1.6i, which replaces the best-selling 1.4 litre, keeps the same £12,735 price. The diesels start at £12,020 for a 1.7-litre 3-door Envoy and go up to £15,545 for the lavishly equipped 2.0-litre DI estate.

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How to Spend It



Left to right: Helena Christensen in one of Stella McCartney's designs for Chloe ready-to-wear; Galliano used Marcel waves and a slender silhouette to create a vintage collection; the strong, sculptural, intellectual clothes of Junya Watanabe

The revamp by 'yoof' pays off

Brenda Polan finds anticipation for the ready-to-wear collections in Paris is rewarded – and that it's not official, skirts are to be long

This was watershed week in Paris. A new generation strengthened its grip on the creative capital of the world's fashion industry. The level of anticipation was high as a long list of staid couture houses and luxury goods empires attempted to do a deal.

John Galliano, of course, is spoken for. In a single season, the designer put the gently decaying House of Dior back in the vanguard of fashion; he now produces two collections for Dior as well as his own-label, ready-to-wear line. But the world is full of young designers. And, it seems, of staid and needy Grand Luxe companies.

So Givenchy, where Galliano spent two seasons before moving to Dior, employs fellow Briton and fellow St Martin's graduate Alexander McQueen. He may have scared away some of the old clients, but his aggressive, raunchy style has brought in new ones and garnered bags of lovely publicity.

After some experimentation and a little misjudgment, McQueen has the measure of Givenchy. He toned down the gimmickry and employed his signature sharp tailoring to produce a strong, controlled collection which Hubert de Givenchy might have called his own. It included the most beautiful beaded evening gown in Paris.

There is still just enough of the *poule de luxe* about his clothes, however, to enable his customers to feel naughty as well as luxuriously dressed. This was high glam – and as aggressively

challenging as it gets.

Hot on McQueen's heels came Stella McCartney, daughter of the ex-Beatle, Sir Paul, and only 25, to rescue the ready-to-wear Chloe from stagnation. Her debut last October knocked decades off the average age of the customer and was reckoned a critical success.

On Wednesday, in Paris, her second collection went further along the Rock-Chick road with its tight, tight shiny satins, its suggestive studs and zippers and its drop-waisted flares over killer stiletto heels. A bit sleazy for some tastes, but the crowd loved it.

Her employers at Chloe, which is part of the Vendôme group, must be beaming with pleasure. Those who are committed to following suit will, at the very least, be wearing reassured grins.

For all those grand luxury brand companies have been studying what might be called the Prada effect: Miuccia Prada was first to transform an ageing leather goods house into the hottest fashion label of its moment.

Everybody has taken note of Tom Ford's resurrection of the almost dead brand of Gucci. They have brooded on the revival of Dior at the hands of Galliano and on Givenchy's new edgy image and young clientele, both courtesy of McQueen, who did a sexy *Bladerunner*-meets-Bohemia collection. And, courage bolstered by McCartney's success at Chloe, they have fallen in behind.

On Monday, the American designer Marc Jacobs showed his first collection for Louis Vuitton, and the

camera-shy Belgian, Martin Margiela, did the same for Hermès. Both showed easy, modern, luxurious clothes for grown-up women and Margiela for once showed them on well-nourished, grown-up women – models of 30 and over, many brought out of retirement for the occasion.

They were – unusually – beautifully groomed and they looked, unusually, almost as if they could have afforded to buy the clothes they were wearing.

Both collections were cool, minimalist and neutral in the way that Miuccia Prada's early collections were. But brilliant as these designers are, none is Galliano's equal.

He is fast emerging as the greatest designer of the end of the 20th century. And each collection merely confirms his position as the man with the imagination to move fashion forward in a way which makes absolute modern sense but also manages to be deeply desirable.

Against a conjured-up New York nightscape, on a vast set of city roofs, chimneys, penthouse windows and aluminium dustbins, he created the Marcel waves and the slender, coquettish silhouette so evocative of the early years of the century.

But he did it in modern, active-life materials and with humorously sporty

details – the stretch yarns, the padding, the quilting and some of the elasticated and drawstring effects which belong to track and field. He used eye-searing shades of shocking pink, yellow, orange and turquoise before cooling his palette to silver, gold and black.

The rest of the new blood showed later in the Paris week. So hungry for their Prada effect is the couture house of Lanvin (now owned by L'Oréal) that it has signed up Christina Ortiz, the 31-year-old Spanish-born former design director of Prada. She has an essentially feminine, clean-lined handwriting and succeeds Oclmar Versolato.

The much-admired designer at Cerruti, Narciso Rodriguez, now has his own label and has designed a new ready-to-wear range for the Spanish leather-wear company Loewe, part of the Louis Vuitton Moët Hennessy group.

He is replaced at Cerruti by Peter Steliopoulos, the former design director at Donna Karan. In a hint of things to come, Nino Cerruti has appointed his own 21-year-old son as Steliopoulos' assistant.

At Guy Laroche, a Moroccan-born, Israeli-educated 36-year-old, Alber Elbaz, has done his second elegant grown-up collection. This is a man whose ambition, he

says is "to make women younger without surgery".

Pay, the fashion crowd is ear to see Michael Kors' first collection for Celine – the 11th of the LVMH brands to buy into a magic revamp – an Andrew Gn's for Balmain's is a very talented classical American sportswear designer, specialising in chichi simple shapes in the most expensive materials. Andre Gn, a 33-year-old Singaporean who is also a graduate of St Martin's, has similar strengths: a purity of line, aversion to fuss and nonsense, an instinct for luxury.

With all the intensely interesting debuts going on, the reliable old guard might

be forgiven for feeling a little neglected. But all of them, notably the experimentally minded Japanese and Belgians, have delivered strong collections.

Dries van Noten's gypsy campfire collection was particularly covetable, as was the ad hoc deconstructed, reconstructed clothes of Ra Kawakubo at Comme de Garçons.

Kawakubo described her unorthodox juxtapositions of fragments of clothes as "fusion" and the effect was rather as if gremlins had sneaked into a deserted atelier full of well-cut, half-assembled couture clothes and tacked them together every which way but correctly. So an impeccable box-pleated skirt would turn round to reveal itself as half a skirt supplanted at the back by wrinkled leggings.

A wonderful curvy frock-coat would twirl and turn inside out, its lining, interface and perfect seams on full display. It was completely enchanting, even if the remorselessly slow show rather laboured the point.

Kawakubo's compatriot, Issey Miyake, was in an exuberant mood, opening his collection in shades of flame red, easing to fondant tones of pink and lavender, then silver, gold and bronze.

Effects were quite magical, with garments shaped by wrapping and ruching, by folded, overlapping panels, by extravagant quilting into dramatic hieratic shapes which cocooned the body and lent it an accustomed grandeur.

The hottest news out of Paris, however, was as banal as ever. Whatever the shape, the fabric they're in or the tops that goes with them, skirts are long again. It's official.



Dries van Noten's seductively colourful gypsy collection



Easy, slightly bohemian glamour from Dries van Noten



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John Galliano's dress and cardie for Dior ready-to-wear

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Right: Classic Earl loafers, in a range of coloured suedes, from £80



Below: Brands in white terrycloth, from the Lounge collection, £24.95. Right: Hush Puppies - the first proper casual shoe - as it was first presented



Below: Hush Puppies classic boots - some in classic colours, others recoloured. Men's, £80.99, women's, £59.99. Bottom: the classic Boat, a resampled classic with the laces proudly showing. In black, taupe and navy, £25 for men, £39.99 for women



The Lounge collection will be available exclusively from Selfridges, Oxford Street, London W1 from May 1. The other models are available from a wide range of shops. Tel: 0116 251 4300 for stockists



Hush Puppies put their refitted feet forward

Lucia van der Post puts her ear to the ground and hears a soft shoe shuffle

If Hush Puppies bring to mind nothing more exciting than that sartorial role model, former UK chancellor of the exchequer Kenneth Clarke, consider this: if you had put £1,000 into Hush Puppies American stock in 1992, it would now be worth \$11,000.

For a brand that was dying on its feet in 1992, that seemed to be heading the same way as Dralon sofas, Babycham and hairnets, its revival is at least as exciting as that of Gucci and it may, in the long run, turn out to be even more of a story.

According to its president, Louis Dubrow, Hush Puppies should be a classic case study at every business school (though you need to make allowance for parental pride in a precociously performing offspring). You may find it hard to believe but in certain circles - notably cutting-edge clubs in Los Angeles and New York - those once despised symbols of middle-aged suburbia are now to be seen on some of the most fashionable feet.

Strange to think that once naff brands such as Birkenstock, Scholl's orthopaedic sandals, Clark's desert boots and Hush Puppies now make an appearance on the same feet that, in other circumstances, are adorned by Manolo Blahniks and Jimmy Choo.

What most attracts people to them, it seems, is what was once their biggest handicap - their very plainness, their anonymity, their softness, their comfort. They don't cost a fortune. They don't slip into them almost without thinking and you can walk in them without risking a corn or falling over.

But it isn't these practicalities that have made them fly off the shelves - they have become objects of desire, a sign of in-the-know recherché taste by those too individual to think that fashionable feet should only be shod by Gucci or Prada.

The revival began in late 1994 when the brand was truly almost dead in the US.

Barely 30,000 pairs a year were sold in a country with a population of well over 200m. In desperation, the company was thinking of entering the "aspirational" market until Jeffrey Miller, a combination of journalist and marketing man with a nose for what's happening, explained that they'd got it wrong. All the cool kids in Manhattan's East Village and SoHo were scouring the antique shops for ancient versions of the Hush Puppy.

At about the same time, John Barrett, a New York designer, took the classic styles, the Earl (the slip-on) and the Wayne (the Oxford) and recoloured them in bright kitschy colours. Suddenly they were flying out of the shops. Shops that didn't have them started begging for supplies.

So how did it happen? Is it all as chancey a thing as the whims of a few youngsters in the East Village deciding that vintage Hush Puppies were this year's cool footwear? If they'd happened to have hit on, say, Florsheim instead, would their shoes now be the ones rushing out of the shops?

Dubrow is in no doubt that though whims and fashion play a part, a lot of the resurrection of the brand happened because the company at last began to do things right. "Our strategy could best be summed up," he tells me, "by saying that we decided to walk the dog on the other side of the street".

In other words, we did what everybody else wasn't doing. "When I came in, the company had done what an awful lot do: acquired many other businesses which had no synergy with the core business. It took its eye off the main brand. It became overly mature, selling to overly mature people. The products were old and tired."

"If you look back, Hush Puppies invented the casual shoe business. Before Hush Puppies, which were launched in 1958, if a man had to cut his grass he would put on his oldest pair of black wing-tips."

"In 1992, when the business was in grave trouble, everybody else was doing black and brown shoes and we spent millions of dollars to convince people we didn't do the old colours. We made

them in brilliant Day-Glo oranges, reds, greens, purples."

"The press loved them and they started to fly. To make them hotly desirable, we allowed them into only a few very fashionable outlets. We used better suede and made them more comfortable. We raised the price from \$40 to \$70. We deliberately created a shortage. Soon we had phone-calls from Saks, Bergdorf Goodman, Barneys, from shops all over [the US] wanting them. We expanded the distribution very carefully and methodically."

When we took the new, recoloured lines to the UK last year, to begin with they were only sold through Paul Smith - this gave them cachet and exclusivity. Now they can be found in Selfridges, Liberty of London, Harvey Nichols and several other stores.

"We see Hush Puppies as a classic brand - much like Levi 501 jeans or a Burberry trench coat. You keep the original, classic product (in our case the Wayne and the Earl) and then you surround it with other items that are linked to it. We do with the shoe almost exactly what Gap does with the T-shirt - we have five core colours (black, catoro brown, navy, taupe, dawn white) and then we flow fashion colours throughout the season. That's to create excitement at the selling end - it makes people go back to see what's up, what's happening."

"These days the customer is so sophisticated - we have to give them a reason to buy."

"You could say we were the cK1 of footwear. cK1, you will remember, was a unisex perfume and everybody said it would never succeed - it turned out to be the single most successful perfume ever launched. Like cK1, we are a unisex product - we offer the same shoe to men, women and children."

"We also see ourselves as being a bit like Starbucks. They took a mundane product - coffee - which people could buy for 25 cents or 50

cents anywhere in the US. They produced very fine coffee, they served it in little shops, which are now on every corner in every street in every town - they charged four times the price and made it chic. They created a new market. That's just what we've done with Hush Puppies."

"People are beginning to want more and more pairs in all different colours. Now that we've re-established the classic, core product, created a demand for it, the fashion products will start to flow."

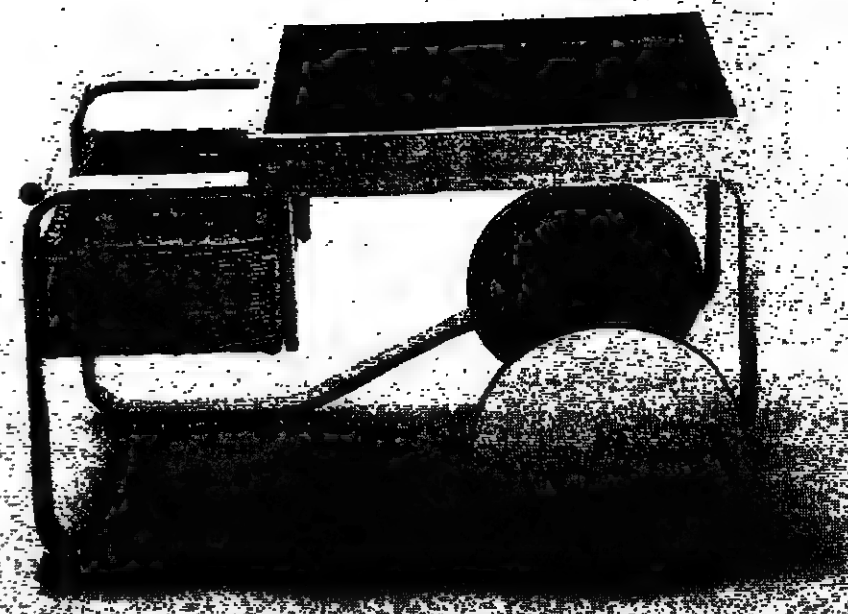
And when these fashion products begin to flow we may be in for a bit of a shock. The latest line is due to hit Selfridges on May 1 - until the autumn it will be available nowhere else (more exclusivity, more scarcity value). The new range is called Lounge, but trailer trash chic is what first comes to mind. Fluffy slippers in hot pink, towelling slippers in bright blue and white, fluffy towelling mules, all come with names to match - Phyllis, Brenda, Rhoda. You get the picture.

These may not be exactly what you thought you've been waiting for but, I have it on the highest authority that in the smart clubs in LA and Manhattan they are just what you need to establish your club-going credentials. There is, it seems, a whole new culture of clubs where people lounge about on sofas; they chat and smoke and bond - and turn up wearing fluffy slippers.

My ear to the ground in New York tells me that yes, they're hot - she personally would never wear them to work but she'd wear them to the supermarket, and to go to the Hamptons.

So get out your fluffy slippers - particularly if they're in a scrummy hot pink - and if your friends think you've taken leave of your senses, you can put them right. It's the very latest thing. And at least you'll be strutting in comfort.

Hush Puppies trades on the stock market as Wolverine Worldwide.



Tee trolley has been released in almost identical form with cobalt blue instead of cream tiles

A museum piece in the living room

Lucia van der Post on the designs of Alvar Aalto

If your first experience of the world of interior design came with the frills and flounces of the 1980s, it may be hard to imagine there was a time when trendy Brits embraced clean and modern design.

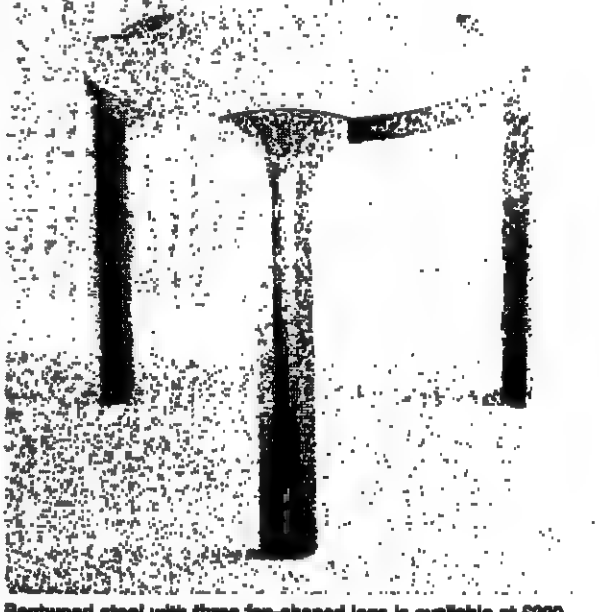
That was way back in the 1960s when Mark Boxer's acutely observed cartoon characters, the Stringalongs, lived in north London. Meanwhile in Spain houses in Blackheath and in the living rooms of Hampstead, the furniture of Alvar Aalto was an easy and elegant way of rejecting old, class-ridden ways and of showing a willingness to adapt.

Aalto, the earliest and possibly greatest of a generation of Finnish architects and designers, seemed to hold out the promise of a break with the conformism of the past without resorting to cheap, utilitarian alternatives.

Looking at his designs today, it is not hard to see why. They combine simplicity and lack of pretensions with a timeless appeal and beauty. At a time when much design seemed unsympathetic and didactic, Aalto's gentle, curved plywood furniture showed it was possible to be up-to-the-minute and yet have a human scale. While other modernists preferred angular shapes and the hard edges of concrete and steel, Aalto turned to his beloved Finnish forests, and used birchwood to produce soft, sensuous shapes.

Aalto was not the first to use bentwood - Thonet had already made it the hallmark of its products, using steam to bend beech - but Aalto did it differently. He took pieces of ply and laminated them and then used steam to make his pleasing curving pieces. Those original pieces age well - the shapes are still beautifully balanced and the wood acquires a patina with time.

For those who have yet to come upon his work this is the year to do so. It is 100 years since he was born and to celebrate the centenary.



Bentwood stool with three fan-shaped legs is available at £220

Artek, the modernist furniture company founded in 1935 by Aalto and his wife, Aino, is issuing special products and organising a number of exhibitions and events.

Many of Aalto's classic designs are still made. His famous tee trolley - so practical, so beautifully turned with its bent birchwood frame, its cane basket and its tiled top - is being released in almost identical form but with cobalt blue tiles instead of cream (\$1,185).

The Palmio chair - almost a wooden version of Marcel Bruseur's famous Vassily chair - and designed for the building that made the world sit up and take notice of this new talent, the tuberculosis sanatorium at Palmio - is still in production and can be bought for £995. The chair, originally designed to be at an angle which helped tubercular patients breathe more easily, looks as good as ever and anybody who has an original is sitting on a small fortune.

Then there is the famous three-legged bentwood stool - the original model 60 is being sold all this year for a very accessible £46. Those who want the slightly more elaborate fan-leg stool with its fan-shaped fluted legs, a slightly larger but also more decoratively beautiful design, will have to pay £220. All these, and many other original designs, are available from Co-Existence, 288 Upper Street, London N1 2TZ; tel 0171-354 8817.

Though Artek continues to develop new pieces with young international designers, Aalto's furniture, lighting and textiles remain a vital cure of Artek's output.

Artek is sponsoring a major exhibition of his work, "Alvar Aalto - between humanism and materialism", at the Museum of Modern Art in New York. The exhibition will later go to Italy and Japan.

In Finland, Aalto's work will be celebrated throughout this year with exhibitions and events. Finally, for those who want to know more about his work, Richard Weston's book, *Alvar Aalto*, published by Phaidon at £25, is worth reading.

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FOOD AND DRINK



A soup to round off a night on the stout

Philippa Davenport with some ideas for St Patrick's day

St Patrick's day and Dublin coddle "go together like sham and rock", a fully paid-up member of Dublin's stout-drinking classes announced.

His companions raised their glasses in agreement: there is nothing like coddle for rounding off a cracking evening's drinking on the feast of Ireland's patron saint - or on any Saturday night, come to that.

No argument about the ingredients central to this time-honoured stew, said to have been a favourite of 18th century literary figures. Potatoes and onions provide the vegetable element now (in pre-potato days, oatmeal would have supplied the starch, and leeks might have been used instead of onions). The choice of pork meats has never wavered. Sausages and bacon or ham are the timeless essentials.

Pork is the best loved and most traditional of all Irish foods, featured in the diet since prehistoric times. According to a charming slip of a book due to be published next week, *A Little History of Irish Food* by Regina Sexton (Kyle Cathie, £9.99), wild boars, native to the country's once vast tracts of deciduous woodland, were hunted with great gusto throughout the early medieval period (AD 500-1200).

Roasting or boiling the beasts features in early Irish

romantic heroic sagas. Tending selected swine, kept and intensively fed in and around the farmsteads, was woman's work; they fattened them on milk and corn to improve quality prior to slaughter. So important was the woman's role in this farm activity, that if she decided to divorce her husband, a frequent occurrence in early Ireland, then her work effort was rewarded and she walked away from the union loaded down with her salted fitches of bacon, free to contract a new marital union.

Skipping my way through a few centuries, I gather from Sexton that the introduction of the potato to Ireland in the late 16th century served as a great boost to the pig economy. In years of good harvest even the poorest households could afford to keep a pig or two on a potato-rich diet. Just prior to the great famine of 1841, the pig population was calculated to be 1,412,813.

Sexton does not mention Dublin coddle, let alone give a recipe for it. But we can be pretty certain that few cooks of such dishes in earlier times would have bothered to weigh or measure the ingredients.

It is also safe to assume that native appetites have always been copious for stews comprising such favourite foods; and that considerable blotting paper would be needed to sop up

the liquid refreshment downed in a good drinking session. Anything less than a couple each of good sized potatoes, sausages and rashers per person would seem mean, though a single large onion spiced might be enough.

Scanning other Irish reference and recipe books and talking to fellow drinkers in pubs, it seems that only the method of making Dublin coddle is in question. The

Cooks of greater refinement slice onions and potatoes thinly before packing all into the pot

basic non-cook's way simply involves peeling the potatoes, putting them whole into a pot with chunks of onion, laying sausages and rashers over the vegetables, and pouring on cold water to come barely level with the top of the ingredients. When the contents come to the boil, the pot is lidded and left to cook gently until the contents are tender and most of the liquid has been absorbed, leaving the potatoes collapsing a little mushily at the edges to sauce the rest.

Cooks of greater refinement, liking a little more precision about things, and speedier cooking (despite its disadvantage of cutting down on drinking time while supper cooks) slice both onions and potatoes thinly for a few minutes before packing everything into the pot.

Blanching stiffens the meats, allowing the sausages to be cut into chunks before the main cooking begins, so they do not look quite so like the bloated fingers of a drowned man's hand in the finished dish.

Even fancier steps involve frying the bacon and sausages briefly before adding to the vegetables to add extra savour and colour, and scattering the stew with a handful of chopped parsley just before tucking in. Old-timers view such cosmetic niceties askance, though one confessed to me, when his friends were engrossed in some other topic, that his wife had taken to coddling like that.

Dublin coddle is a legendary dish, he confided, loved by its fans and hated by a few. But however much you enjoy eating it, few would laud the basic version for its looks.

The soup given below, a family recipe that is a favourite of mine, uses many of the same ingredients as Dublin coddle. So it might make an acceptable alternative for eating at the end of a long day devoted to drinking the health of St Patrick.

The soup can of course be completely made ahead and reheated when needed. Freezing is not recommended, however, because freezing seems to turn potatoes-based dishes to glue. Traditionalists will probably frown at the thought of garnishing it with fried sage and snippets of bacon, and they may be equally dismissive of my other suggestion of topping the soup with shreds of deep-fried cabbage or what Chinatown menus used to list as seaweed.

Both make excellent flavour and texture foils for the smooth thick potato, in my view, but those with purist Celtic tastes will of course prefer to avoid any frills and serve the creamy-white soup innocently unadorned.

I hope, however, that they will not forgo an accompanying plate of liberally buttered soda bread sandwiches bulging with bouncy fresh watercress. This finishing touch turns the soup into a meal.

KILKENNY CREAM
(makes nearly 2 litres)
750g large onions; 700g floury potatoes; 75g butter;

1 litre milk; a bunch each of parsley, thyme and sage; several bay leaves; 125g streaky bacon; a little oil for frying the sage leaf (or shredded cabbage) garnish.

Slice the onions thinly (fast work and few tears if you use a food processor). Put them into a large heavy-based soup pan with the butter, cover and cook very gently for 5-10 minutes, just stirring occasionally. Meanwhile, peel and slice the potatoes thinly, and the

bacon rinds and bunches of herbs with string.

Stir the potatoes into the soup, bury the king-size bouquet of flavourings among the vegetables and knot the end of the string round the pan handle. Season the brew with salt and black pepper and stir again. Pour on 1 litre milk and bring to the boil, stirring now and then. Three-quarters cover the pan and leave to cook gently until the vegetables are perfectly tender and aromatically flavoured with herbs.

Remove the bouquet of flavourings, squeezing them between a pair of slotted spoons so that all their fragrance drips back into the pan. Then whiz the soup to a thick purée. Add the rest of the milk (and water as well if you want a thinner soup), season to taste and reheat for serving.

For the garnish, cut the bacon into snippets, fry until crisp and keep hot. Add enough oil to the frying pan to coat the base by about 5mm; when sizzling, add a handful of sage leaves. They should fry within seconds, flip them over quickly, remove and drain well before scattering with the bacon over the soup. Serve with watercress sandwiches.

Lunch for a fiver 1998

NEXT WEEK: Nicholas Lander gives full details of this year's UK promotion including FT reader reports, restaurateur reactions and how much we all managed to raise for the Save the Children charity. News, too, of all the winning restaurants.

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Searching for - and finding - the holy grape

Jancis Robinson has been letting armies of seductive Pinots gallop across her palate

We always used to describe Pinot Noir, the great grape of red burgundy, as the holy graal. When it was good, it was so very good. When it was bad, as it almost always was when planted outside Burgundy (and much of the time in Burgundy too), it was horrid.

I think of this whenever hopeful wine producers give me a prototype Nebbiolo to taste. This is happening more and more.

When they succeed as fine red burgundy, the great wines of Piedmont, Barolo and Barbaresco, which owe everything to the Nebbiolo grapes from which they are made, are just as hauntingly delicious. Because of this they are inspiring a growing band of grapegrowers around the world to try their hand at this equally tantalising, finicky grape variety.

The aspiring Nebbiolos to have come my way from Australia, California and Washington state have so far been distinctly pale imitations of a great Piedmontese red, but are getting better all the time.

Probably the best non-Italian Nebbiolos made today come from Argentina where, thanks to historic Italian immigration, there is quite a sizeable acreage of mature Nebbiolo vines. They are neither pale nor remotely like Barolo, however.

Today we can choose from a host of delicious Pinot Noirs made outside Burgundy (although do not overlook the great 1996 being offered at the moment - see below) and every time I enjoy one I make a mental note not to be too smug about these new world Nebbiolos which may well get there in the end.

In the last couple of weeks alone, armies of gorgeously seductive Pinots have galloped across my palate. (The Sydney Royal Wine Show even demonstrated that somewhere as relatively hot as Australia is now producing decent Pinot fruit. My favourite, not exported alas, comes from Drumburg in the coolish south west corner of Victoria. Seppelt's Sunday Creek 1996, from a special vineyard nurtured separately from the mixing bowl available for that company's Great Western sparkling wine.)

One of the most unexpected was a decidedly unpromising-looking Pinot Noir Vieilles Vignes 1996 Vin de Pays de France Comté from nurseryman Guillaume, near Besançon, well east of Burgundy. Gallery Wines, of Goshall, Surrey, (tel: 01483-203795) sells it for £7.76 - a snip. It offers more lively, bright Pinot fruit than any red burgundy I have ever encountered at this price.

Another, even more unexpected Vin de Pays, made from utterly convincing Pinot fruit, came from the deep south of France in the foothills of the Cevennes near Bedarieux. Domaine de Clovallon 1996 Les Pomarèdes is the superior Pinot bottling of Catherine Roque, a former architect who decided to devote the high terraces of a family wine estate to some decidedly unlikely grape varieties.

This succulent red is already drinking extremely well. Bennetts of Chipping Campden, Glos (01366-840392)

charges £9.25 for it, not much less than the FF100 I was charged at a restaurant in Montpellier, but this is a fair price for a conscientiously made wine which probably has another two years' life in it.

Catherine Roque also grows Syrah, Viognier, Chardonnay and Muscat but the one I ache to taste is her Petit Manseng, the Jurançon grape that does so well at Mas de Daumas Gassac to the east and from which in 1996 she managed to make the Languedoc's first, and surely only, ice wine.

According to an excellent new book *Grands Vins du Languedoc-Roussillon*, by Laurent Marcland and Pascale Rivière (FF120 from Sauramps bookshop in Montpellier on +33 4 87 06 78 78), the price of this exceptional wine is indexed

non Reserve, bottling of Coldstream Hills Pinot Noir will be £10.99 at Oddbins from September.

With rather more depth, and deliciously rich layers of cherry and licorice flavours, (therefore more in line with Coldstream's Reserve bottlings), is Tarawarra Pinot Noir 1995, also from Yarra Valley. It has been sold to retailers such as Philglass & Swiggott, of London SW11 (0171-924 4494), Holland Park Wine, of London W11 (0171-221 9614), Byness of Chichester, Lancs (01200-25152), Great Western Wine of Bath (01225-48009) and Lado of Devon (01409-231102) and is priced at around £17.

With its firm acidity, this wine is rather more appetising than the California norm for Pinot Noir. Too many of the less expensive versions are just too like pale beetroot juice.

Producers such as Au Bon Climat, Calera, Saintsbury and the recently-sold Williams Selyem show just what can be done in the coolest corners of California - as Cono Sur does for Chilean Pinot. Calera Mills Pinot Noir 1994 (£22 from Bibendum, of London NW1, 0171-722 5577) is looking very voluptuous for current drinking.

The spectacularly successful California producer Kendall-Jackson has at long last turned its attentions to the British market so I was intrigued recently to taste a range of its regular (aka Vintners' Reserve) and superior (Grand Reserve) bottlings at around £10 and £15 respectively.

Most of the regular range seemed rapid to me, but the best value of the lot was the Kendall-Jackson Pinot Noir 1995 at about £9.99 which has real texture and a certain delicacy.

And finally, Pinot Noir at its most outrageous: Helmut Lang's Pinot Noir Trockenbeerenauslese 1995 at about £28. Inquiries to Britain's most energetic importer of Austrian wine, FWW of Bausstedt, Surrey (0181-786 5161) about this extraordinarily sweet, tawny example.

Last month I saw his vines looking green and perky in the middle of the Yarra's worst drought in living memory. When Helmut Lang rang the alarm bell, Southcorp simply installed 3 km of pipe to deliver water to the property from the nearest water source. The 1997 vintage of the regular,

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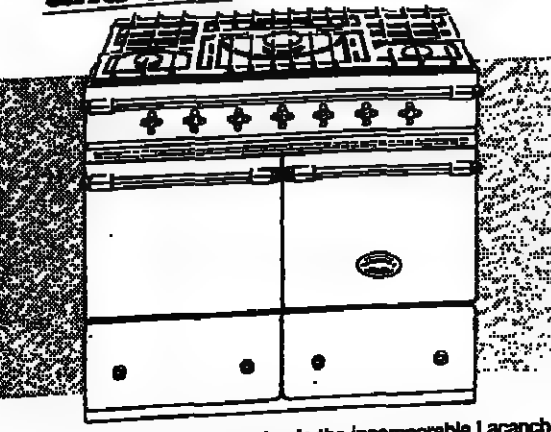
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PROPERTY / OUTDOORS

On the Move

If tax is the stick, what is the carrot?

Anne Spackman looks at ways of encouraging more houses to be built on brownfield sites

Lord Rogers, the architect Richard Rogers, has been appointed "brownfield supreme", leading a task-force charged by the UK government with identifying suitable urban sites for new homes. Recycling used land is everyone's favourite solution to the problem of building enough new homes while preserving enough green fields.

The government has said it is considering using taxes to discourage greenfield development. But ministers do not appear to have considered how to make brownfield development more attractive. If a greenfield tax is the stick, what is the carrot?

Those developers already active on brownfield sites have some suggestions. For once, the most popular does not necessarily involve money.

One of the biggest problems facing housebuilders is the time it takes to get their development approved by a local authority. Many housebuilders point out that planning departments have shrunk. They not only employ fewer staff, but those staff appear to have less power over the decision-making process.

One builder gave an example of a large brownfield site in the Thames Valley. The scheme had the backing of the planners, the transport department, English

Heritage and the Royal Fine Arts Commission, but it was turned down by councillors on the planning committee. Instead of taking six to nine months to be approved, it took 18 months. During that time, professional fees and interest payments on the land are mounting.

Octagon, the Surrey-based builder, says the biggest hurdle is at the outset. Planning officers are under such pressure to consider live applications they have no time to discuss potential sites.

"What we need are meaningful discussions which set out the ground rules for the development," says Colin Tutt, Octagon's development director. "The principles could be established before an application is submitted, rather than after the first rejection, when we have already put in months of work."

To overcome the time problem builders have suggested councils appoint a planning officer responsible for brownfield development. They could develop

expertise in the area and ensure brownfield schemes were put on a fast track through what is an increasingly slow system. The officer could be someone from the planning inspectorate, whose views might carry extra weight with councillors.

Some housebuilders already concentrate heavily on brownfield sites. Berkeley Homes' quota is about 70 per cent of sites and 80 per cent of units. Barratt has a similarly impressive 72 per cent in south-east

England, where pressures on land are greatest. Its brownfield developments include locations such as Rickmansworth, Chessington and Sevenoaks.

Paul Vallone of Berkeley Homes believes the planning rules should be eased for brownfield schemes to allow higher densities, where appropriate, and mixed residential, leisure and commercial projects. He also suggests relaxing the "affordable housing levy" which requires builders to provide social (sub-

sidised) housing or money in lieu. Strutt and Parker's land management experts would like the government to adopt a more direct approach. Andrew Burrows, based in Lewes, East Sussex, believes the "Enterprise Zone" initiative should be reworked to focus on taking houses, as well as jobs, to urban areas.

Not surprisingly, few voices are raised in favour of greenfield taxes. Some builders say they will simply lower the quality and increase the cost of houses in rural areas. Others say the proceeds from such a tax would not be ring-fenced to encourage brownfield development.

"We need initiatives which will encourage beneficial development in the right places, not more constraints," says Andrew Burrows.



David Wheeler (left) and Simon Dorell at Bryan's Ground: Hortus 'breaks even elegantly'

Noel Kingsbury

A literary escape for the off-duty gardener

The journal Hortus has a dedicated following. Noel Kingsbury reports

Hortus is not a gardening magazine, it is a journal. There are no instructions on how to make hanging baskets or rich colour pictures of beautiful gardens, nor for that matter are there learned, footnote-littered articles for the expert. It is traditionally printed on a thick cream paper set by the hot metal process long abandoned by everyone else.

Hortus is a thoroughly old-fashioned beast, a quarterly subscription journal, yet it is only 11 years old and succeeds in providing a living for its proprietor and art editor.

Subscribers are those who enjoy a good read and appreciate quality production, as much as they are keen gardeners. The journal was originally conceived as a vehicle for topics that would not fill a book and would be inadequately served by the 1,000-word maximum of most magazine articles.

Gardens and garden-making are described in detailed and loving length.

Plants and gardens in literature and history are recurrent themes and there is some gentle philosophising about the meaning and

importance of gardening. The tone is always intelligent but never obscurely intellectual, frequently witty and entertaining, never scathing, and often very personal.

Merely handling Hortus gives a great deal of pleasure; its approximately A5 shape seems strangely satisfying, with properly sewn bindings, and the typeset and paper are the epitome of quality. It even smells good.

The illustrations are all black and white: prints, photographs, wood engravings and line drawings, the latter frequently by art editor Simon Dorell, a painter by profession.

Hortus's proprietor David Wheeler had had a career in advertising, the last few years spent with the RSPCA working on several big campaigns, before he became a jobbing gardener in Surrey, with "one garden for each day of the working week". He was dissatisfied with what the gardening press had to offer and began to dream of establishing his own journal, with articles that were "sound but not scholarly".

Getting the journal off the ground seems to have been remarkably straightforward.

Wheeler discussed the idea with leading garden designer John Brookes and took some financial advice from an accountant he found through the yellow pages. He was lucky in that a national newspaper noticed his initial announcement of the launch of Hortus on January 1 1987, for, by the end of the month, he had enough subscribers to pay the first print bill.

The first issue was launched with star writers such as Rosemary Verey, Penelope Hobhouse and the late Anthony Huxley, but since then big names have featured little.

A lot of contributors have published for the first time in Hortus," says Wheeler. Indeed, adds Dorell, "the best things have been from people who are not garden writers".

One regular column "Peter Parker Ponders" is written by a book editor by profession, who has a small garden in the east end of London, a sharp eye for horticultural goings-on and a witty pen. "Indispensable Plants" is another regular feature where gardeners discuss the plants they feel they could

not live without.

The number of subscribers has remained at around 2,000 for most of Hortus's life; around a third are in the US and Canada, and several hundred in Australia. With an annual subscription of £30, and no income other than a little from (terribly tasteful) advertising, Hortus "breaks even elegantly," says Wheeler. "We do live off it."

A room in the house which Wheeler and Dorell share in the Welsh border country serves as an office - the journal is packed on the kitchen table.

The only overheard are a part-time secretary and the use of a freelance editor, "as we need some feedback from the outside," says Wheeler. Two stories in the New York Times helped bring in many of the US subscribers: "It is good to have a two-way traffic in garden writing across the Atlantic."

The journal is now undoubtedly helped by the existence of the garden at Bryan's Ground, where Wheeler and Dorell have lived since 1983, and which is open to the public two afternoons a week during the summer. Visitors can walk around 2½ acres of for-

mally and imaginatively laid out garden and then peruse back issues over tea and cakes.

Garden visitors often provide a neat way of conducting market research, as faces are fitted to names on the list, and much valuable feedback received. Wheeler has been surprised at how young many of the readers are; gardening has become much more of a fashionable hobby for the under-40s in recent years, he thinks.

Encouraged by the success of Hortus, Wheeler and Dorell launched another magazine in 1993 - Convivium, The Journal of Good Eating, which set out to "make the link between the kitchen garden, the kitchen itself and the dining room". However, the food world seems to be more exclusive than gardening, says Wheeler. Convivium folded after two years.

But they did not allow this to put them off. Wheeler has outlined plans to launch a number of literary garden titles in a format similar to Hortus.

Hortus, Bryan's Ground, Stapleton (nr. Presteigne), Herefordshire, LD8 2LP. 01544-260001. www.hortus.co.uk

A rallying cry from the tides of march

Having sorted out the foxhunting lobby, Robin Lane Fox has a new target - conifers

Gardening may be good for the soul but I am not sure that political marching is not even better. Still glowing from the memory of being one of the 300,000 who took part in the countryside rally on March 1, I recommend the experience as very much better than pushing wheelbarrows to the Sunday bonfire.

We have had two weeks to think and the experience has given us plenty to exaggerate, plenty to relish and plenty for gardeners, too, to integrate into their world view. In the past fortnight it has been fascinating to watch the swings in reporting of the occasion. Anti-hunters and absentees still like to claim that the participants came from the higher social classes and their feudal dependants. These claims add to the piffle which has been talked by junior ministers in the first nine months of government.

Those who watched a long cross-section of the march, as I did, will remember the large contingents of farm workers, smallholders and self-financed volunteers from Ireland. Whenever I go to the butcher, I remember the placards of those who were correctly reminding us that British beef is far safer than sex.

The proportion of sound sense to grass roots was surprisingly high and a fortnight later, I continue to find it heartening. If that crowd was Cruel Britain on the march, I am one of hundreds of thousands who vastly prefer it to Cruel Britain at home. It is morally preferable to control acknowledged vermin without wounding it than to spend time showing off with the stars and appearing on public platforms to defend married colleagues who have almost certainly been caught with their pants down.

Last September, I could already have predicted the potential for a global surge of sympathy for the cause of bloodsports in Britain. When I wrote in their defence in this paper, a groundswell of support stretched from the US to Italy and went way beyond subscribing foxhunters.

What the march and the intervening fortnight have underlined is the argument which I failed to emphasise but which is now emerging as the most significant. Marchers of all classes and both genders regard the defence of hunting as a matter of defending civil liberty.

Both on the day and since, 1 and others have failed to find participants who were opposed to hunting's continuation. It has joined other

grievances under a more general umbrella. Participants did not wish to see the regulated pursuit of others being bossed around by politicians who have next to no idea of the realities.

People spoke in terms which strongly resembled the famous intellectual defence of "negative freedom" by the great philosopher Sir Isaiah Berlin. Negative freedom is freedom from others, rather than the freedom to force other people to be supposedly free.

I would like to add a historian's hindsight. At the end of the last century, the British Conservative party profited hugely from what became known as "faddism" among its opponents. Knowalls tried to impose their own diluted morals on fellow citizens' pleasures. They tried to ban betting, gambling and drinking; they even spoke out against meat-eating. They spawned a huge groundswell against their ignorant and bossy view of

It is on grounds of anti-social tendencies that Leylandii deserves to be curbed by law

the world. A century later, the omens are excellent for a repeat of history.

After a fortnight to think it over, I have reinforced my gardening practice, continued to throw my boots at invading rabbits and turned the hosepipe on to uninvited cats. Gardens are much better without them and those who believe that they are gardening in order to conserve wildlife are living in a fantasy world.

In Hyde Park, I inspected the placards which fellow marchers had abandoned on that unlovely triangle near Apsley House. Among the hundreds in favour of hunting, one delighted my gardening heart by calling for a ban on the planting of Leylandii hedging, a public enemy which ranks in my list only slightly lower than the League Against Cruel Sports.

To judge from the past fortnight, this lone placard-bearer had caught the public mood as well as any hunter in the crowd. Not only is the home secretary now talking as if official legislation against hunting is at least 50 years away from his hazy Ministers are airing amazing

proposals for legislation against the planting of Leylandii hedging in rural areas. Never has a day's walking through London killed two better birds with one stone.

Hindsight does, however, require us to think more carefully. This is hard for me because I inherited some truly awful hedges of top-heavy Leylandii in my garden and I have spent the past 10 years uprooting at least 200 specimens and spending more than £300 in containing the others.

Why not curb conifers as well as leaving foxhunting alone? At this point, the civil liberty argument begins to go round in circles.

If it is an affront to civil liberty to stop the chasing of foxes with hounds on a willing farmer's land, why is it not an offence to civil liberty to stop a home-owner from planting a Leylandii hedge in order to hide a neighbouring farmer's eyesore? Our new value for negative freedom cannot have it both ways. People cannot always be left to do what they like in the countryside.

Supporting arguments are needed beyond the cause of liberty. My arguments against conifers concern aesthetics and a respect for others' daily prospect. Foxhounds may strike you as an ugly sight, a view which is decidedly uneducated, but they are not a permanent blot on the landscape or a constant menace to the house next door.

An uncontained Leylandii conifer is both. From experience, I must counter the optimistic claims which have now begun to be made on this tree's behalf.

If you cut it back hard, it soon sprouts vigorously at the point of attack. As it matures, you can indeed take its top out repeatedly, but it then puts its energy into doubling its width and becoming even more of an overhanging menace. It is on grounds of ugliness and uncontrolled anti-social tendencies that it deserves to be curbed by law.

Would I march again for the cause of banning conifers? It depends on the weather and the company.

On March 1, the sunshine played beautifully on London's Pall Mall and I delighted at the sight of the neo-Classical frieze on the Athenaeum club seen among a flurry of banners calling for foxhunting for ever. As for the company, I dropped my only £10 note, whereupon it was politely returned. If we are going to march against conifers in the landscape, let us march with similarly behaved people on a day when the weather is as kind.

Fishing

Salmon lovers reel in a Catch-22

Tom Fort on the 'right to kill' debate that is convulsing the world of salmon fishing

The approach of calamity, like the prospect of change, concentrates the mind wonderfully. The world of salmon fishing - steeped in ultra-conservative traditions - is being shaken by a debate whose premises would have been greeted as a madman's fantasies a mere decade or two ago.

What is at issue is whether, in light of the inexorable decline of the fish in England, Wales and Scotland, the angler who has the rare good fortune to catch a salmon has the right to kill it. At once I hear incredulous gasps from the rod-wielding ghosts of the past followed by snorts of outrage. The corpse was never the point of their sport, but it was ever the inescapable accompaniment. The encounter ended either with the salmon escaping or with a fatal thud on its skull. There was no third way.

In the old, old days, all salmon were killed, even if unfit to be fed to the cat. In more recent

times, it has become the practice to return fish reddened and past their best because of the length of time they have been in freshwater; and, increasingly, hen fish. Many Americans release all their fish, and are no longer regarded as certifiable.

But it is one thing for a man to choose to spare the majority, or all, the salmon he catches. It is quite another for the owner of a fishery to tell anglers who may be paying several thousand pounds for a week's fishing they may take nothing home at the end. Yet that is the logical conclusion of the argument, if it is won.

It is simply and eloquently presented in articles carried in

both the country's leading field sports magazine, *The Field*, and in the leading specialist publication, *Trout and Salmon*.

The case, reduced to basics, goes thus: there are now so few salmon left that we, the fishermen who know and love and cherish them, can no longer be seen to contribute in any way to the diminution of that population. Therefore, for five years, we will eschew the killing of any salmon; and if, at the end of that time, there are no salmon left we will at least know we were not implicated.

A year ago I wrote an article for *The Field* to which I attempted to light some sort of candle amid the gloom encircling

salmon fishing. I tried to identify reasons for believing the decline was not necessarily terminal; and to point to ways anglers and owners could help the creature. By the time my cheery message was published, in the autumn, the situation had turned from depressing to desperate.

The grim aspect of last season was the way Scottish rivers which had previously bucked the trend suddenly succumbed to it. Most English and Welsh rivers remained on the critical list. But now Scottish east coast rivers like the Conon and the Beaulie reported a near-collapse of previously prolific runs of summer salmon.

What is so dismaying is that no one really knows why. We used to blame the netting in the North Atlantic and along our coasts. But most of that has now stopped, and still the fish do not return. Something is happening to them out there, far away, and we can do nothing about it.

Hence the call for voluntary abstinence. Curiously enough, angling is a rather effective way of catching salmon. It has been reliably calculated that the proportion of a run of fresh fish taken by anglers can be as high as a quarter. For a river on the borderline of retaining a viable stock, such a loss could be vital. So why not give up altogether, I hear you say? That would have a devastating impact on areas and

communities where fishing makes a vital contribution to local economies - on the Tweed, for instance, more than £12m is generated each year.

For myself, the sacrifice would be negligible. In the past 10 years, I have caught two British salmon, and killed one of them. There is an argument, propounded by the great Hugh Falkus among others, that to play a fish and let it go is to expose, for the benefit of fishing's enemies, the callousness of the sport. I think this is baloney. Armies of coarse fishermen have been releasing their catches for decades, and many trout anglers now do the same. The important issue is

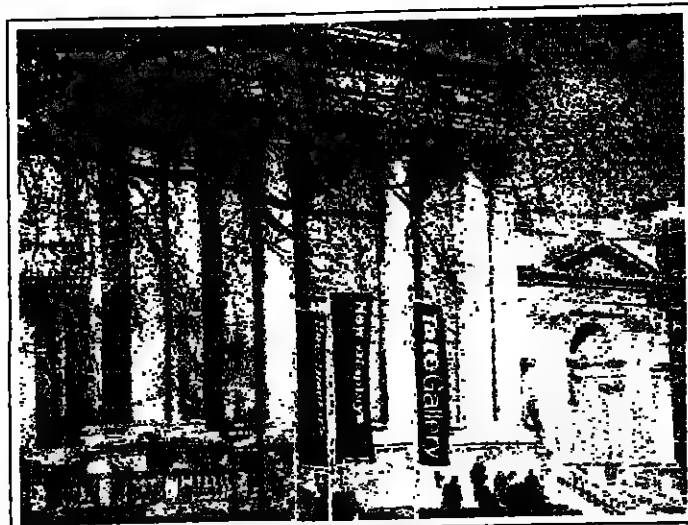
whether the fish will survive. The evidence suggests that, unless it is badly injured, it probably will.

We can only guess if catch-and-release would make any significant difference. My own suspicion is that it would not. I believe strongly that our energies should be directed into gunning for governments which still permit coastal drift-netting (our own and the Irish); in securing proper controls on predation by seals and others; into doing the innumerable things that can assist a salmon to get back into our rivers and reproduce itself.

On the other hand, of itself, catch-and-release can do no harm; and the chance it could do good should not be overlooked. I have a plea, though. Let us have no assumptions of moral superiority by those who sign the pledge. Let them refrain from preaching their virtue at those who do not. Let us remember that the first task is to fight the common enemy.

John Minto

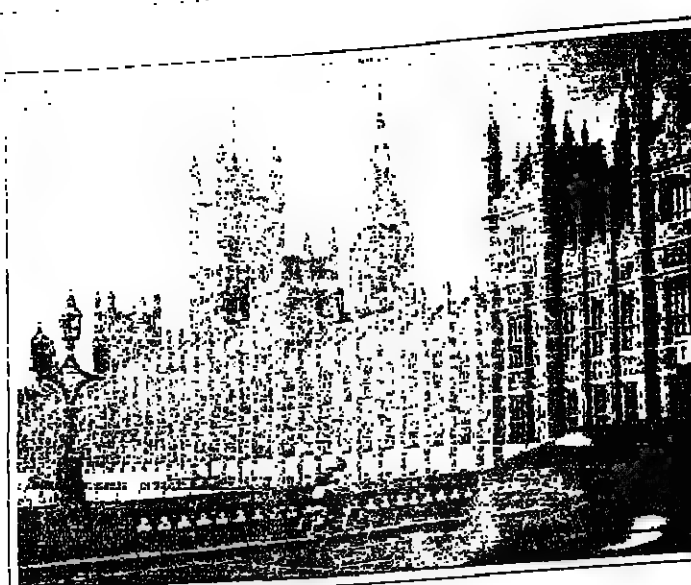
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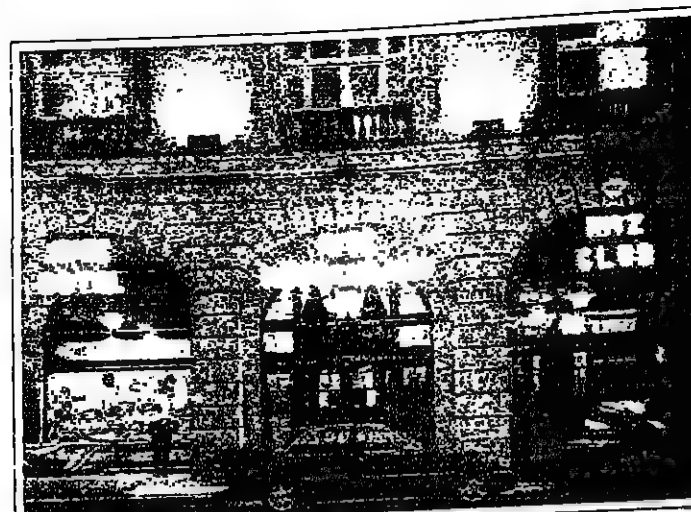
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EDUCATION

The boarders who sleep over

Simon Targett finds schools are admitting that they have to reform their ways

Home boarding is an oxymoron. It is also a sign of the times.

Britain's traditional private schools are so keen to attract new recruits that even day pupils who stay at school to complete their prep and consume an evening meal before returning home to sleep are now counted as boarders.

Ann Williamson, the alliance's

director and a former head of the school attended by Diana, Princess of Wales, says: "Boarding's public image hasn't changed since the 1930s."

Another reason is the collapse of boarding schools' traditional market - especially pupils with parents in the armed forces. Defence cuts have ensured that pupils from services families have dropped from 22,000 in 1987 to 5,972 in 1996.

Further problems lie ahead. As numbers of domestic pupils have declined, enterprising head teachers have turned to the Pacific Rim.

A recent report by Hobsons, the educational publishers,

shows that 45 per cent of the new foreign pupils recruited between 1994 and 1997 came from Hong Kong, Taiwan and the rest of south east Asia. This has helped schools' bank balances, with income from overseas pupils rising from £50m in 1986 to around £200m today. However, the Asian currency crisis is forecast to reverse the trend.

But the single most important reason for the declining number of boarders is the emergence of the new breed of parents who want to see their children grow into modern, socially well-adjusted young adults.

This, above all, has forced boarding schools to undertake

some radical strategic rethinking.

Some have chosen to go co-educational. St Edward's, in Oxford, was once a typical male bastion, producing war heroes like Douglas Bader and Guy Gibson. Then, in the late 1980s, it admitted girls to the upper school, and last September, just over 40 girls entered the lower school as part of a new plan to go fully co-educational. Hadleybury, in Hertfordshire, is another traditional school which is going co-educational in September.

Many others have opted to modernise their facilities, becoming more like smart "home from home" hotels in a bid to dispel the image of drafty dorms and

cold showers. Giggleswick School, founded in 1512 in north Yorkshire, has spent £3.5m on what Don Hutton, the marketing director, calls "state of the art" boarding facilities.

The Mount School, a York-based Quaker academy dating back to 1785, is re-styling the boarding houses with the help of pupils enrolled on its A-level design course.

Ellesmere College, in Shropshire, which has already spent £2m on boarding accommodation, is planning video conferencing and videomail so parents can keep in touch with their children.

But the biggest change - affecting almost all schools - has been

the shifting interpretation of boarding.

Once, the only option was "full boarding", with telephone calls to parents "only in emergencies".

Now "flexi-boarding" is all the rage.

This, as the name suggests, comes in various forms: a "sleep over" option, which allows pupils to stay one night a week; an "opportunity boarding" option, which gives day pupils the chance to board at any time if there is sufficient space; and even a "Friday night boarding" option, which enables children to stay at school while their parents enjoy a night out at the end of the week.

Pupils, even those from traditional boarding families, are choosing to take advantage of the flexible regime introduced by schools. This is possible because a growing proportion - currently 40 per cent - live less than an hour's drive from the school.

For the first time, parents are able to be close to their boarding school children: talking to them via e-mail, cheering them on in a football or hockey match, and lunching with them at the weekend.

Whether "flexi-boarding" - even in its most flexible form of "home boarding" - is enough to spark a revival in boarding schools is hard to say.

But, as David Christie, warden of St Edward's, puts it: "Gone are the days when you dumped Justin on the school steps at 13 and picked him up again at 18 with a photograph to remind you what he looked like."

Catholic Eton stays true to its soul

Ampleforth College shuns any suggestion of taking radical steps to modernise, writes Simon Targett

Father Leo Chamberlain pulls a Pison pocket electronic organiser from beneath his black Benedictine cassock. "It's a series 3," he says knowingly.

It is an unexpected flash of modernity from the headmaster of Ampleforth College, the boarding school founded by monks in a north Yorkshire valley nearly two centuries ago, but an indication that Father Time does not stand still even in this great bastion of tradition.

Like most boarding schools, Ampleforth has suffered a slow decline in popularity. It has also been knocked back by high-profile scandals, including the suicide of a monk from the abbey next door after a newspaper sex inquiry.

In the face of this, it has acted in a host of familiar ways, notably spending £5m on renovating the facilities. There is a new central refectory and dormitories for the junior school at Gilling Castle. There are plans for new science laboratories, remod-

elled boarding houses, and extended music and drama facilities.

There is even talk of a steady stream of local day girls. Daughters of lay staff have been admitted in the past, but Chamberlain confirms that Ampleforth is ready to welcome a "regular small intake", since this "would be better for girls and boys than occasional twos and threes".

But more radical modernisation remains off the agenda. Any suggestion of co-education and "flexi-boarding" is greeted with a visual gesture of "God forbid". This is because Ampleforth still believes there is a market for the original brand of boarding school.

It is, therefore, absolutely upper-class, even aristocratic, welcoming the sons of wealthy old Ampleforthians.

Just as Chamberlain followed his brigadier father to Ampleforth - in fact, his great-grandfather entered the college in 1885 - so Raoul Fraser, the existing head boy, followed his

father, even to the same boarding house.

Tradition is revered, and Fraser, a cousin of the aristocratic model, Honor Fraser, still wears his grandfather's 60-year-old school jacket, and points proudly to the family crest in the oak-furnished college library.

It also remains keenly academic: traditional subjects like classics are savoured, and new-fangled public examinations are shunned.

Sometimes dubbed the "Catholic Eton", it was stung last year by claims that wealthy Roman Catholics with bright sons were starting to put Eton before Ampleforth.

Since then, it has underscored its academic credibility by dismissing the English Literature GCSE as "too easy" and replacing it with its own tougher literature certificate.

As if this were not enough, it triumphantly fired off a press notice last month announcing that 21 pupils had been offered Oxford and Cambridge places this year.



Reverence for tradition: Ampleforth's headmaster Father Leo Chamberlain with pupils Raoul Fraser (left) and Tom de Lisle

Holmes of Leeds

But, most strikingly, Ampleforth is rigorously spiritual, pledging to educate children "in the tradition and sacramental life of the Church".

This might seem hopelessly out of touch. After all, many Anglican schools have long abandoned any serious adherence to the Arnoldian ideal of "muscular Christian-

ity". Yet Ampleforth, by staying true to its colours, could be on to a winner. The fast-approaching millennium is engendering spiritual feelings in rich entrepreneurs familiar with the material world.

Richard Tase, a millionaire businessman behind the growing Seattle Coffee Company empire, is toying with

the idea of sending his son Joshua to Ampleforth, even though he is not a Catholic.

Topsy, Tase's wife, says they want Joshua to be educated in a school "with a soul", where teachers treat him in a "holistic" way and, by catering for children's often-forgotten spiritual needs, turn him into a

fully rounded human being. Although "humanist" rather than religious, they are impressed by Ampleforth's atmosphere. Topsy Tase says: "It's no fluke that monks have been the custodians of education for hundreds of years."

Chamberlain is wary of what he calls "new-age spirituality", but he likes the idea that Ampleforth has a soul. Other schools may have co-education, flexible boarding, even better facilities, but Ampleforth has spirituality.

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TRAVEL

Scrambling along in south-western Crete

Roger Bray ignores the Samaria gorge in favour of a lesser known, much quieter, neighbour

Do not linger in bed if you intend to walk down the Arádhena Gorge. The long, zigzag climb from Loutro to Anopolis is best completed before the sun has stuck its head above the parapet. Leave it too late and you risk being dehydrated and drained of energy before the real test has begun.

The Arádhena is a great gash in the limestone cliff which rises abruptly from the Libyan Sea on the south coast of western Crete. It is something of a poor relation. Not far away is the better known Samaria, Europe's longest gorge, which is generally acknowledged to be more spectacular. But the Samaria is walked by up to 3,000 tourists a day. In the Arádhena, you are mostly alone.

There is another reason for this. It is not to be trifled with. There is some serious scrambling to be done. While rope and chain, which until recently were the only means of negotiating some 70ft of sheer rock face, have been supplemented by a pair of solidly fixed ladders, they still demand a steady head for heights.

We approached with apprehension. In Anopolis, where figs ripened and goatskins hung to dry, two Swiss hikers made it worse. Their guide book, they told us, advised taking pitons.

The descent into the gorge did not augur well. Missing the way, we crossed the high, rocky road bridge at the near deserted village of Arádhena and wandered cluelessly until we stumbled on an alternative, precipitous path.

From the baking heat of early afternoon, we were plunged into deep shade. Goats scuttled at our step, perching on narrow ledges as if to mock our anxiety. Oregano, its scent intense when crushed between the fingers, grew profusely in the dry soil.

In the event, our experience demonstrated the difficulty of recommending such

routes. The walk took a total of about 6½ hours, slightly more than half of that in the gorge itself. You need to be agile. There is one huge rock where you still have to use a short length of rope. Vertigo sufferers should stay away.

The little beach at Mar-mara "Marble" Bay, with its limpid, lapping water and thirst-slaking, cliff-side taverna, appeared to us as welcome as Aqaba must have been to T.E. Lawrence.

Loutro, a crescent of low-rise buildings in the traditional white and blue of the Greek islands, is an excellent base for walking in a part of Crete where relatively few tourists venture. There are no cars. The only way in or out is by boat. The beginnings of a road have been laid, but it was stopped after protests from the ferry owners and, while their reaction may have been prompted by self-interest, most visitors would say amen to that.

After poking about in the nearby ruins, which are certainly Roman but the foundations may have been laid earlier, there is nothing to do but swim, stretch out with a book under a beach umbrella and eat at the half dozen or so tavernas along the bay, finishing the evening with a glass of wine.

At the charming Hotel Porto Loutro, run by the redoubtable Alison Androulakis and Stavros, her Greek husband, there is a sign in the terrace bar banning mobile telephones.

Loutro remains blissfully free of the twin curse of jet-ski and noisy discos and thus attracts people of quiet enthusiasms.

Most people who come go walking. From a distance this dust-brown landscape holds little promise. W. Stanley Moss, the wartime hero who kidnapped General Kneipe, commander of Germany's occupying forces, likened it to a husk.

On closer inspection, it is full of fascinations. Partridges whirr from beneath

your feet. Cobble mule tracks, who knows how ancient, wind their way up steep rock faces, asphodels grow like milestones, a stone fire circle is testimony to an impromptu feast. Nor do you have to go scrambling and climbing. The Imbros Gorge, accessible by boat from Lou-tro to Hora Sfakion and then by bus, is a delightful, unad-venturous amble down to the sea.

Stoke up at a taverna in the village of Imbros with a Sfakion pie, a kind of *paratha* filled with cheese, topped with honey and more than enough to sustain you through the four-hour hike. On days when there is the slightest breeze the gorge, which narrows in some places to a few feet, acts as a funnel, cooling the air even where there is no shade from fig, maple and oak.

When you emerge near the coast at Komitades you must either walk the last few kilometres on an asphalt road, get someone to call you a taxi or catch the bus. Taverna owners greet you from terraces, suggesting you kill time there. You could go through a lot of refreshment while you wait. It took us an hour to reach Hora Sfakion and no bus passed.

We arrived to watch hun-

dreds of unsuitably shod sightseers, some already wearing commemorative T-shirts, shuffling off the ferry which had brought them from the Samaria. There were 33 coaches waiting to carry them back to the north of the island. It made us feel smug to have avoided the hordes.

Nowhere near as smug, however, as the night we returned from the Arádhena.

That night we felt we had joined an elite club. At dinner, ravenous after our exertions, we ordered far too many dishes. When we shook our heads at the quantity, Vassilis, the waiter, instantly offered to take some back without charge. We apologised, explaining that the climb had made us over eager.

"This," he said, a sweep of his arm taking in steps to

the kitchen and the two dozen tables which were his sole responsibility, "is my Arádhena."

Information: Roger Bray travelled with Sunair Holidays (0181-568 4499/0181-232 9797) which offers one week's bed and breakfast at the Hotel Porto Loutro from £275 (two weeks from £435). Walkers should take Landscapes of Western Crete (Sunflower Books, £9.99).



Make mine yoga with fresh vegetables

Gary Mead visits Crete's south to stretch mind and body

Before us stands a man soon to be 50, his bronzed body a glowing example of sensibly developed musculature. He has an impish smile and twinkling eyes.

In a few seconds he will commence - start is too thin a word - 30 minutes of the most energetic yet ballistic movement I have ever seen. Only the fact that he is bald gives any hint that he is recovering from chemotherapy.

Before he gave his demonstration of what astanga yoga is, Derek told his small, not terribly well-formed but focused audience: "Just remember. Perfection is the best you can do at any particular moment."

Just what I needed to hear. Almost a decade younger and not - yet - suffering from any life-threatening illness, I can do about one-20th of what this man can. Mind you, he has been doing it for a couple of decades or more, although I accept that is a poor excuse.

Together with Radha, his business partner, Derek - they are known by first names only - has established the Practice Place, perched on the side of Crete's cliffs above the Aegean Sea, as one of the centres for astanga yoga devotees and newcomers.

Astanga is a vigorous, aerobic form of yoga, in which the basic movements of the more widely known Iyengar yoga are given additional athleticism.

It is not aerobics - there is no repetitive pounding accompanied by raucous musical thumping. Instead, a series of stretches and bends - all with regular, rhythmically controlled deep breathing - are carried out with a speed that sets the pulse racing and the heart working.

Experts might quibble but, as a working distinction, it

might be argued that Iyengar yoga works on getting particular postures absolutely right and astanga works on getting through a complete series of postures, building up pose-perfection over time.

The Practice Place is a large building, housing a self-contained collection of rooms, with kitchen and a covered outdoor area where vegetarian-only meals are served. It is situated at the remote spot, too small to be a village, called Agios Pavlos, on the southern coast of Crete, about two hours' drive from Heraklion, and far removed from the lager-swilling mayhem on Crete's northern coast.

If eating and drinking to excess - and 30 different ways to be embarrassed before lunch is your idea of fun - avoid the Practice Place.

But if you relish the prospect of first-class yoga instruction, swimming in clean, blue sea two minutes' walk away, and finishing off with some *tsatziki* and a glass of *retsina* over a chess game in a local taverna, this is heaven.

Derek and Radha open the Practice Place between April and November, with two-week courses being the norm. Most of the staff - who do the cooking and cleaning - are serious (which does not mean humourless) astanga practitioners paid a nominal sum in exchange for free yoga lessons, and board and lodging. There are always other activities besides astanga yoga on offer: the two weeks I attended had classes in ceramics, salsa dancing, and Iyengar yoga, each taught by a professional.

Accommodation is basic but comfortable, with two people sharing a sea-facing room, most with balconies

and all with showers. The (all-vegetarian) food is high quality, with an interestingly varied menu, with very imaginative use of local produce. There is an abundance of salads, peppers, aubergines, pastas, curries, tasty puddings, and delicious cakes for afternoon tea.

The range of people when I visited included a BBC TV producer, a Canadian advertising executive, a nurse, teachers, social workers... It is the kind of activity, and also the kind of place, that attracts people who are concerned about themselves and others.

In case that sounds alarmingly luvvie, relax. The Practice Place is definitely not about group hugs, encounter groups or mind-trick guff. There is no pressure to perform or conform.

The day starts early for some, with morning self-practice classes (under guidance from either Radha or Derek) for the staff and advanced students. Beginners, or those who need

refresher tuition, then have a taught class, which ends mid-morning in time for an outdoor brunch of fresh fruit, yoghurt, breads and some cooked dishes. Afternoons are given over to other activities, which stretch on more or less as long as people want, followed by early supper.

As for the yoga itself - well... even the real devotees admit that going through an hour or so of punishing labour, stretching and bending every fibre, sweating buckets in order to make those positions and keep up with the group flow, is not terribly appealing, at the start. But you feel such a sense of physical and psychological well-being that by the end of the holiday you vow never to stop.

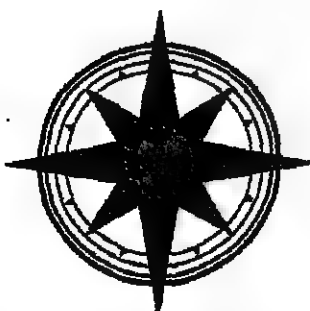
The Practice Place, 117 Ditchling Road, Brighton, East Sussex BN1 6JB. Tel: (00 44) 01273-276175. Prices per person for a two-week stay, excluding flights, range from £415 to £575 - ask about long-stay discounts.

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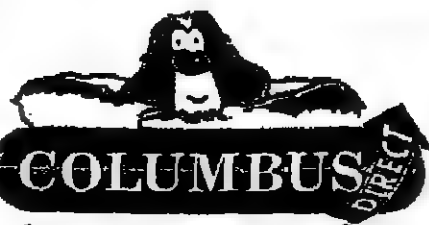
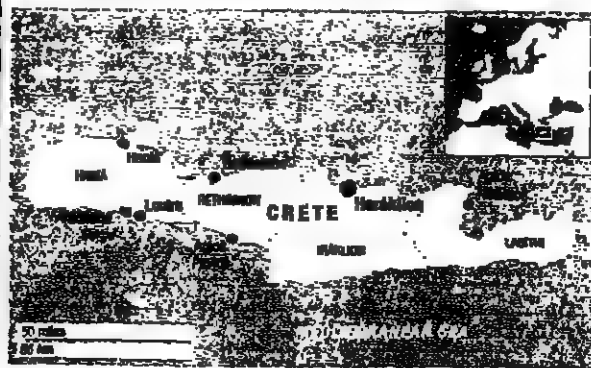
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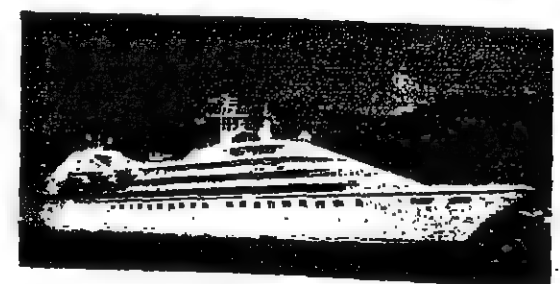


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INTERNATIONAL ARTS GUIDE

What's on around the world

AMSTERDAM

EXHIBITIONS

Van Gogh Museum
Tel: 31-20-670 5200
Utagawa Kuniyoshi (1797-1861): Heroes and Ghosts. Survey of work by one of Japan's leading 19th century printmakers. Includes more than 180 prints, paintings and drawings; to Apr 5

OPERA

Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
Oedipus Rex and Prometheus: Stravinsky double-bill. New, co-production with the Salzburg festival, directed by Peter Sellars. The conductor is Hans Vonk, and the cast includes Willard White; Mar 18, 19

BALTIMORE

CONCERTS

Joseph Meyerhoff Symphony Hall
Tel: 1-410-783 8000
www.baltimoresymphony.org
Baltimore Symphony Orchestra: with virtuosoist Evelyn Glennie. Programme includes Christopher Rouse's *Der gestirnte Abend*, Wagner's *Siegfried Idyll* and R. Strauss's *Also sprach Zarathustra*. The conductor is David Zinman; Mar 18, 20

EXHIBITIONS

Walters Art Gallery
Tel: 410-336 5174
Masters of Light: Dutch Painting from the 17th to the 19th century. Brings together works produced by painters working in the city of Utrecht in the first half of the 17th century. Previously seen in San Francisco, the exhibition will transfer to London; to Apr 5

BELFAST

THEATRE

Grand Opera House
Tel: 44-1232-241919
A Tribute to Dietrich. Starring Silen Illips; Mar 18, 17, 18, 19, 20

BERLIN

CONCERTS

Philharmonie
Tel: 49-30-2548 8354
Berlin Philharmonic Orchestra: conducted by Philippe Herreweghe in Bach's *Passion*. The soloists include Anne-Sophie von Otter and Matthias Goerne; Mar 17, 18

BOLOGNA

EXHIBITIONS

Palazzo Comunale
Tel: 39-51-529 999
www.netuno.it/bo/teatrocomunale
Don Carlo: by Verdi. Co-production with Grand Théâtre de Genève, conducted by Stéphane Denève in a staging by André Serant; Mar 19
I Compagni: by Wolf-Ferrari. New production conducted by Bruno Bartoletti in a staging by Nanni Galletti, with designs by Carlo Fiorentino; Mar 20

CHICAGO

CONCERTS

Healey Hall
Tel: 1-312-264-3000
www.chicagosymphony.org
Chicago Symphony Orchestra: conducted by Oliver Knussen in works by Vivaldi, Lieberman and Knussen. With soloist Lucy Shelton and horn soloist Gail Sims; Mar 14, 17
Chicago Symphony Orchestra: conducted by Oliver Knussen in works by Scriabin, Shostakovich and Knussen. With soloist Rosemary Hardy; Mar 19, 20

CLEVELAND

EXHIBITIONS

Wexner Museum of Art
Tel: 1-216-421 7340
www.wexnermuseum.org
San Francisco: Early Christian, Byzantine and Baroque Art from the Wexner Museum. Selection of 39 manuscripts, reliquaries, paintings and sculptures from the 8th to 18th centuries; to Jun 12

EDINBURGH

EXHIBITIONS

National Gallery of Scotland
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The Italian Baroque: The Denis Collection. 17th and 18th century works by Italian painters including Caravaggio; ends tomorrow

FLORENCE

EXHIBITIONS

Palazzo Strozzi
Tel: 39-55-211158
www.museogiorgio.it
Monteverdi. New staging by Luca Cioni, to celebrate the reopening of the Palazzo Strozzi. The conductor is René Jacobs; Mar 14, 15, 17, 18, 20

FRANKFURT

CONCERTS

Städtische Oper
Tel: 49-69-21202
Frankfurt Symphony Orchestra: Peter Maxwell Davies conducts his First and Second Symphonies. The conductor is Peter Tiller; Mar 14, 15, 17, 18, 20
Frankfurt Symphony Orchestra: Peter Maxwell Davies conducts his First and Second Symphonies. The conductor is Peter Tiller; Mar 14, 15, 17, 18, 20

HELSINKI

EXHIBITIONS

National Opera
Tel: 358-9-4080 2211
Magical Flute: by Mozart. New production by Swedish director Elmer Reuter, designed by Peter Tiller; Mar 14, 15, 17, 18, 20



'The Musical Group', c.1825, by Hendrick Ter Brugghen, one of the Dutch 'Masters of Light' celebrated in an exhibition currently showing at the Walters Art Gallery in Baltimore

Mar 18, 20

HOUSTON

CONCERTS

Houston Ballet
Tel: 1-713-227 2767
The Snow Maiden: premiere of a new full-length work choreographed by Ben Stevenson to a Tchaikovsky score arranged by John Lanchbery. In a co-production with American Ballet Theatre. Bolshoi ballerina Nina Ananiashvili will make her Houston debut in the title role. The designs are by Desmond Heeley; Mar 14, 15, 20

EXHIBITIONS

Museum of Fine Arts, Houston, The Menil Collection and the Contemporary Arts Museum
Tel: 1-713-639 7750
Robert Rauschenberg. Previously seen at the Guggenheim, New York, this major retrospective, shown in Houston at three museums, spans the artist's 50 year career and includes some 400 works; to May 17
The Body of Christ in the Art of Europe and New Spain: 1150-1800. 75 paintings, sculptures, manuscripts and textiles, which together address the meaning and devotional function of the image of Christ; to Apr 12

LAUSANNE

EXHIBITIONS

Fondation de l'Hermitage
Tel: 41-21-320-5001
Pointillisme: more than 100 works, including loans from Europe and the US, tracing the influence of Seurat on a generation of young painters at the turn of the century; to Jun 1

LISBON

CONCERTS

100 Days Festival, Expo '98
Portuguese Symphony Orchestra: programme of 20th century works; Main Auditorium, Centro Cultural de Belém; Mar 18

LONDON

CONCERTS

Barbican Hall
Tel: 44-171-638 8891
The Royal Opera: *Mellistofele*, by Bolto. Concert performance, conducted by Bernard Haitink. The title role is sung by Samuel Ramey; Mar 14, 16

EXHIBITIONS

Royal Festival Hall
Tel: 44-171-960 4242
Beethovenhalle Orchestra: conducted by Marc Soustrot in works by Beethoven. With violin soloist Raphael Oleg; Mar 15
London Philharmonic Orchestra: conducted by Mark Elder in Bach's *Mass in B minor*, with the Choirs of Westminster and St. Paul's Cathedral; Mar 15
City of Birmingham Symphony Orchestra: conducted by Sir Simon Rattle in works by Boulez and Messiaen; Mar 16
Boston Symphony Orchestra: Seiji Ozawa conducts Mahler's Symphony No. 6; Mar 18
Boston Symphony Orchestra: Seiji Ozawa conducts Mahler's Symphony No. 3; Mar 19

EXHIBITIONS

Barbican Art Gallery
Tel: 44-171-638 8891
Shaker: The Art of Craftsmanship. First major exhibition of furniture and decorative arts from the Shaker community at Mount Lebanon; to Apr 26
The Art of the Harley: 30 customised motorcycles provide the centrepiece of this display devoted to the 95 year history of the Harley-Davidson company; to Apr 26

EXHIBITIONS

Hayward Gallery
Tel: 44-171-261 0127
www.hayward-gallery.org.uk
Francis Bacon (1909-1992): The Human Body. Brings together important works involving the human figure; to Apr 5

Henri Cartier-Bresson: Europeans. Exploring changes from the 1930s to the 1970s through the eyes of the photographer; to Apr 5

NATIONAL GALLERY

Tel: 44-171-330 3321
Anthony Caro at the National Gallery: Working after the Masters. Display of recent sculptures which take their inspiration from painters including Mantegna and Rembrandt; to May 4
Recognising Van Eyck: bringing together several rare works by the 15th century Netherlandish master alongside other works; ends tomorrow

ROYAL ACADEMY OF ARTS

Tel: 44-171-300 8000
Art Treasures of England: The Regional Collections. Display of some 500 paintings, drawings and sculptures which tell the history of the public collections outside London, from the foundation of the first university museums in the 17th century to the present. Including works by Canaletto, Hogarth, Turner and Francis Bacon, the exhibition will also seek to surprise with the works of less well-known artists; to Apr 13
Holy Russia: Icons and the Rise of Moscow 1400-1600. 50 rarely exhibited icons lent by Russian museums are the centrepiece of this exhibition, which also includes 18 manuscripts. The exhibition, arriving in London from Frankfurt, opens on Thursday and runs until Jun 14

TATE GALLERY

Tel: 44-171-987 8000
Bonnard (1867-1947): focuses on works produced between the 1890s and the 1940s. Includes landscapes, still lifes, a series of nudes depicting Martha, Bonnard's lifelong companion, and several self-portraits; to May 17

OPERA

English National Opera, London Coliseum
Tel: 44-171-632 8300
La Bohème: by Puccini. Steven Pinnott's production is revived by Barry Atkinson and Frances Moore, and conducted by Emmanuel Joël; Mar 14, 16, 18
The Elbow of Love: by Donizetti. New production, directed by Jude Kelly and designed by Robert Jones. The conductor is Michael Lloyd; Mar 17

EXHIBITIONS

Guggenheim Museum
Tel: 1-212-423 3500
www.guggenheim.org
After Mountains and Seas: around 14 works by created by Helen Frankenthaler during the years 1956-1959; to May 3
China - 5,000 Years: more than 500 works of art, ranging from the Neolithic period to the modern, with traditional works displayed at the uptown museum (to Jun 3), and the modern section at the Guggenheim Museum SoHo (to May 25). Uptown highlights include Neolithic jade and Shang and Zhou bronzes. The aim of the display at the SoHo museum is to explore the meaning of modernity in China; to Jun 3, after which the whole transfers to Bilbao

EXHIBITIONS

Shaftesbury Theatre
Tel: 44-171-379 5399
The Royal Opera: *Così fan tutte*, by Mozart. Jonathan Miller's production is conducted by Colin Davis, with the performers dressed by Amani; Mar 17, 19, 20

LOS ANGELES

CONCERTS

Dorothy Chandler Pavilion
Tel: 1-213-385 3500
Los Angeles Philharmonic: world premiere of a specially commissioned work by Lindberg. Fresco, conducted by Esa-Pekka Salonen. Programme also includes works by Bernstein and Schumann; Mar 14, 15

MADRID

CONCERTS

Auditorio Nacional
Tel: 34-1-337 0100
London Symphony Orchestra: Pierre Boulez conducts works by Bartok, Schoenberg, Carter and Debussy; Mar 14
Elliott Carter 90th Birthday Celebrations: Pierre Boulez conducts the London Symphony Orchestra in works by Ravel, Carter, Stravinsky and Prokofiev; Mar 18

EXHIBITIONS

Fundació 'la Caixa'
Tel: 34-1-435 4833
From Whistler to Sickert: joint retrospective of the two painters which aims to introduce

their work to the Spanish public by contrasting their differences. The exhibition will demonstrate the influence of Velázquez on Whistler as well as that of Whistler on Sickert. Whistler introduced Sickert to Degas, who in turn was to become a major influence; opens on Wednesday and runs until May 17

MANCHESTER

CONCERTS

Bridgewater Hall
Tel: 44-161-907 9000
Kiri Te Kanawa: recital by the soprano, accompanied by pianist Julian Reynolds; Mar 18

MILAN

OPERA

Teatro alla Scala
Tel: 39-2-88791
www.teatroallascala.it
Kovachina: by Mussorgski. Production from the Mariinsky Theatre of St. Petersburg conducted by Alexander Polinichka. In a staging by Fedor Lopukhov, with designs by Fedor Fedorovskii; Mar 18

NEW YORK

CONCERTS

Avery Fisher Hall, Lincoln Center
Tel: 1-212-875 5030
New York Chamber Symphony: conducted by Gerard Schwarz in works by Ravel, Mendelssohn, Kolb and Haydn. With violinist Elmer Oliveira and pianist Michael Boriskin; Mar 14, 15
New York Philharmonic: conducted by Daniele Gatti in Mozart's *Ein Knecht vom Muschelberg* and Mahler's Symphony No. 5; Mar 18, 19, 20

Carnegie Hall

Tel: 1-212-247 7800
www.carnegiehall.org
Richard Goode: recital by the pianist; Mar 14
Russian National Orchestra: all-Russian programme conducted by Mikhail Pletnev. With violin soloist Gil Shaham; Mar 19

EXHIBITIONS

Guggenheim Museum
Tel: 1-212-423 3500
www.guggenheim.org
After Mountains and Seas: around 14 works by created by Helen Frankenthaler during the years 1956-1959; to May 3
China - 5,000 Years: more than 500 works of art, ranging from the Neolithic period to the modern, with traditional works displayed at the uptown museum (to Jun 3), and the modern section at the Guggenheim Museum SoHo (to May 25). Uptown highlights include Neolithic jade and Shang and Zhou bronzes. The aim of the display at the SoHo museum is to explore the meaning of modernity in China; to Jun 3, after which the whole transfers to Bilbao

Metropolitan Museum of Art

Tel: 1-212-879 5500
www.metmuseum.org

Augustin Pajou, Royal Sculptor: first retrospective devoted to works by the French sculptor (1730-1809), successful in the French Royal Academy of Painting and Sculpture and a favourite of Louis XV and Louis XVI. The display includes marble statues, portrait busts, terracotta sketch-models, and drawings including designs for the opera at Versailles; to May 24
Charles-Honoré Lannuier (1779-1819): around 60 pieces of furniture by the French cabinetmaker who left Paris for New York in 1803, where he built a successful career; from Tuesday until Jun 14
Paul Strand, Circa 1918: comprising 50 rare prints tracing the photographer's transition from a soft-focus style to a bold,

American modernism; to May 31
Pierre-Paul Prud'hon (1758-1823): first American retrospective of work by the court painter and draftsman, who won acclaim during the years spanning the French Revolution, the Empire and the Restoration. Includes 80 paintings and 100 works on paper; to Jun 7
When Silk Was Gold: Central Asian and Chinese Textiles. Featuring 84 precious textiles from the 8th to 15th centuries, when they were of immense economic and cultural significance. Including the most important known 'cloth of gold'. The exhibition has been seen in Cleveland; to May 17

Museum of Modern Art

Tel: 1-212-708 9480
www.moma.org
Chuck Close: retrospective of the American painter, comprising 90 works and ranging across his career from his Big Self Portrait (1967-68), to portraits produced since the late 1980s; to May 26
Fernand Léger (1881-1955): retrospective comprising some 220 paintings and drawings by the early modernist; to May 27

OPERA

Metropolitan Opera, Lincoln Center
Tel: 1-212-362 6000
www.metopera.org
Lohengrin: by Wagner. New production by Robert Wilson, with costumes by Frida Parmeggiani; Mar 17
Samson et Dalila: by Saint-Saëns. New production by Elijah Moshinsky, with designs by Richard Hudson; Mar 14

New York City Opera, New York State Theater

Tel: 1-212-870 5570
www.nyco.org
La Bohème: by Puccini. Conducted by George Manahan and staged by Graziella Sciutti; Mar 14

THEATRE

Joseph Papp Public Theatre
Macbeth: by Shakespeare. George C. Wolfe directs Alec Baldwin and Angela Bassett as Macbeth and his Lady; from tomorrow until Mar 29

PARIS

CONCERT

Châtelet
Tel: 33-1-4028 2840
London Symphony Orchestra: conducted by Pierre Boulez; Mar 19

Cité de la Musique

Tel: 33-1-4884 44 84
The Tchaikovsky Experience: Roger Norrington conducts the Orchestra of the Age of Enlightenment in concerts, using period instruments, intended to sound as historically accurate as possible. Saturday's programme includes extracts from Sleeping Beauty and Piano Concerto No. 1, with pianist Cyril Huvé. Sunday's programme includes Tatyana's Letter from Eugene Onegin with soprano Joan Rodgers, and the Pathétique Symphony. The weekend's activities include afternoon recitals by Huvé and Rodgers, as well as talks and open rehearsals. The programme will be repeated in London and Birmingham; Mar 14, 15

Salle Pleyel

Tel: 33-1-4661 6888
Orchestre de Paris: conducted by Semyon Bychkov in a concert performance of Strauss's *Elektra*; Mar 15
Orchestre de Paris: conducted by Semyon Bychkov in Mahler's Symphony No. 2. With soprano Elisabeth Norberg-Schulz, mezzo-soprano Mariana Lipovsek, and Choir led by Arthur Oldham; Mar 18, 19

Théâtre des Champs Élysées

Tel: 33-1-4952 5050
Budapest Festival Orchestra: conducted by Iván Fischer in works by Liszt and Strauss. With piano soloist Cyprien Katsaris; Mar 18

Budapest Festival Orchestra: conducted by Iván Fischer in works by Wagner and Liszt; Mar 17
Boston Symphony Orchestra: conducted by Seiji Ozawa in Mahler's Symphony No. 8; Mar 20

EXHIBITIONS

Musée d'Orsay
Tel: 33-1-4049 4814
www.musee-orsay.fr
Manet, Monet, and the Gare Saint-Lazare: places Manet's famous painting in a context provided by works by other artists and a group of related drawings, prints and photographs; to May 17

Musée du Louvre

Tel: 33-1-4020 5151
www.louvre.fr
La Collection Lamour: 17th and 18th century Italian art. Exhibition to mark the gift to the Louvre of 20 paintings and a sculpture; to May 11

PHILADELPHIA

EXHIBITIONS

Philadelphia Museum of Art
Tel: 1-215-763 8100
www.philamuseum.org
Self-Taught Artists of the 20th Century: An American Anthology. 300 works by more than 30 artists, all of them without formal training. Includes paintings, sculpture and installations by artists ranging from Grandma Moses (1890-1981) to Ken Grimes (b.1947). Organised by the Museum of American Folk Art, the exhibition will transfer to Atlanta; to May 17

ROME

EXHIBITION

Villa Medici
Francesco Salviati: 1510-1563. First major retrospective devoted to Salviati, one of the lesser known Florentine Mannerists. Includes around 135 works. For the duration of the exhibition, there will be guided visits to see his frescoes, the most spectacular of which is in the French Ambassador's study; to Mar 29

ROTTERDAM

CONCERTS

de Doelen Hall
Tel: 31-10-217 1700
Rotterdam Philharmonic Orchestra: conducted by Valery Gergiev in works by Brahms, Mozart and R. Strauss. With piano soloist Stefan Viscer and soprano Inga Nielsen; Mar 18, 19, 20

SAN FRANCISCO

CONCERTS

Davies Symphony Hall
Tel: 1-415-864 8000
www.sfsymphony.org
San Francisco Symphony Orchestra: conducted by Herbert Blomstedt in Beethoven's Symphony No. 3, Eroica, and Ned Rorem's *Concerto for Left Hand*. With piano soloist Gary Graffman; Mar 19, 20

TOKYO

CONCERT

Bunkamura
Tel: 81-3-3477 9999
Vienna Boys Choir: religious music, Mozart and folk songs from around the world; Orchard Hall; Mar 14, 15
Tokyo Philharmonic Orchestra: conducted by Kazushi Ono in works by Ligeti and R. Strauss. With violin soloist Elji Arsi; Orchard Hall; Mar 20

VIENNA

EXHIBITION

Kunstforum der Bank Austria
Tel: 43-1-533 2266
From Monet to Picasso: display of 120 works, starting with French Impressionism and Pointillism, and ranging through the Russian avant-garde and German Modernism to 1945. Includes examples of cubism, constructivism, Expressionism and Surrealism; to Jun 28

FESTIVAL

Arnold Schoenberg Center
Tel: 43-1-712 1888
www.schoenberg.at
Schoenberg Festival: celebrating the opening of the new Center, the festival opens with a concert featuring the Vienna Philharmonic conducted by Zubin Mehta, with the Arnold Schoenberg Choir and soprano Evelyn Herdtzke; Mar 14: A multimedia 'Exposition', including manuscripts and photographs, opens on Mar 18. Other concerts include the Hagen Quartet and Audrey Luna (Mar 15); the Ensemble Wiener Collage conducted by René Staar (Mar 17); the Klangforum Wien conducted by Sylvain Cambiague (Mar 18), and recitals by Angelika Kirchschlager (Mar 18) and Michael Boriskin (Mar 19); from today until Mar 19

WASHINGTON

CONCERTS

Kennedy Center
Tel: 1-202-467 4800
Kathleen Battle: recital by the soprano, accompanied by pianist J. J. Perna. Programme ranges from Purcell and Rostropovich to Fauré; Concert Hall; Mar 15
National Symphony Orchestra: conducted by Christopher Warren Green in works by Mozart and Haydn, with violin soloist Daniel Foster; Concert Hall; Mar 19, 20
Jazz
Kennedy Center
Tel: 1-202-467 4800
Wynton Marsalis: performance by the trumpeter; Theater Lab; Mar 14

OPERA

Washington Opera, Kennedy Center
Tel: 1-202-295 2400
www.do-opera.org
The Dangerous Liaisons: by composer Conrad Susa and librettist Philip Littell. San Francisco Opera production, premiered in 1994, conducted by Anne Manson and directed by Colin Graham; Opera House; Mar 14, 18, 20

Arts Guide by Susanna Rustin
e-mail: susanna.rustin@att.net
Additional listings supplied by ArtsBase
Tel: 31-20-684 6441
e-mail: artbase@pl.net

Weekend Investor

Wall Street

Just click for a piece of the action

Upstart internet stocks are tempting the investors, writes John Labate

Shares of US internet companies took a huge stride towards the mainstream this week.

That was the message in the market after a warning from Compag Computer sent its shares, along with other high-tech leaders from Cisco Systems and Dell to Intel, tumbling on Monday.

In their place, investors snapped up shares of many web-based startups. Yahoo, Amazon.com and Lycos all rose sharply in spite of already lofty valuations.

Indeed, on a day when nearly all computer-related sectors fell back - from software makers to computer networking suppliers - many internet stocks raced ahead by 5 to 8 per cent or even more.

The fact that the universe of 50 to 100 publicly traded internet stocks is gaining a growing share of the investment pie is hardly news. Since last summer, shares of Yahoo and Amazon.com have quadrupled in value to their present level near \$50 apiece.

What has emerged recently, however, is greater breadth to the public market of internet shares. More of these fast-growing companies are testing the public market and giving investors more options. They can now choose among several major sub-niches, and distinguish profit and strategic potential between various companies.

The range of internet choices these days includes companies that started as so-called "search engines" on the web, including Yahoo and Lycos. Such companies have learned that survival means adding more and more services to keep computer users glued to their websites.

Other companies focus more on internet commerce. They include Amazon.com, the leading online book-seller, and music disc sellers such as CDNow and N2K.

"Companies worth focusing on are those that are laying out networks of distribution agreements to drive traffic to their web sites," says Ryan Jacob, portfolio manager of The Internet Fund.

Analysts say such relationships are the key to success on the internet. This is

High-flyers keep on climbing

Yahoo

Share price (\$)

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FT WEEKEND

True Fiction

Dogging the footsteps of a media mogul

On Michael Thompson-Noel's advice, the Sun king gets into giveaway mode

I have always liked Rupert Murdoch. There are those who claim that my professed admiration for the media mogul is proof that I am addicted to contrariness, as well as being a smirky, mocking, lying, puffed-up little twerp.

Fortunately, the number of people who see me in a more appealing light is growing by the day, though I wish the same could be said of Murdoch, whose qualities as a businessman have never been acknowledged by those whose jealousy of his looks, wealth and power leads them to malign the methods that have propelled him to such heights.

You would have thought that at his advanced age, Murdoch deserved a few years' serenity. But no. Like sharks circling a lone windsurfer, his enemies are still stalking him.

These were some of the things I told the great man when we

met in the first-class lounge at Shanghai airport, in Inner Mongolia, this week. Murdoch was looking harassed. For weeks he has been trying to buy 300 local radio stations, but has been given the run-around.

"G'ya, Rupe," I said. "G'ya, mate," said Rupe, whose faithfulness to his Australian roots always enthralls me. His beautiful wife was with him, and so was the pack of Queensland blue-healers (Australian sheepdogs) that fly everywhere with the mogul in his private jet.

Murdoch screamed for a waiter. "Those boys," he said, pointing at the blue-healers. "Need some tucker inside them." It did not occur to the magnate that I or his wife might have wanted some food, but that is Rupe for you, a man of foibles, yet always strangely lovable. I have known him for many

years, ever since he first attracted attention by buying Britain's salacious Sunday newspaper, the News of the World. When he bought the News of the World, Murdoch also acquired (perhaps inadvertently) a string of UK regional papers, including the one in Worcester on which I was serving my journalistic apprenticeship. One day, Murdoch visited Worcester and strode to the sports desk, where, with great vivacity, I was finishing an article.

"What's that you're working on?" he asked. "A tennis piece," I said. "Any good?" queried the mogul.

"Too bloody true it's good, mate," I replied. "It's a beaut, Rupe. I've been working on it since sparrowfart (Australian slang for crack of dawn), and even these dingalings and

poofers" - I gestured at my colleagues, who were staring at me in horror - "will find it eminently publishable, as flash as a rat with five gold teeth."

Murdoch beamed, and told one

Like sharks circling a windsurfer, his enemies are still stalking him

of his minions to make a note of my name. Ever since, he has monitored my career. He'd like me to work for him, but I have always declined. Every time our paths cross, he begs me to take the helm of one of his great newspapers or film studios, but

I distract him by offering him advice on the problems that beset him.

Recently, as you know, Murdoch has been vilified on both sides of the Atlantic for his unwillingness to let one of his companies, HarperCollins, publish a book by Chris Patten, former governor of Hong Kong, that is not outstandingly flattering about the Chinese government. It has been claimed that Murdoch was terrified that Patten's musings would offend the Chinese, with whom the swashbuckling mogul hopes to do much lucrative business.

Since then, a concomitant Murdoch controversy has erupted in Britain, with Paddy Ashdown, leader of the so-called Liberal Democrats, claiming that Murdoch's ownership of The Times newspaper should be examined by the Monopolies and Mergers Commission, given an

allegation, which is disputed, that Murdoch has suppressed criticism of China in The Times.

"Seems like you're having a rough time," I told the magnate in Shanghai, once his pack of blue-healers had had their tucker. "Are there no depths your enemies won't stoop to in their crazed bid to dethrone you, Rupe?"

"Doesn't look like it," replied the media monolith. "They're getting me down, mate. I'm in real trouble this time. I almost feel like taking the boys" - he waved at the blue-healers - "back to Oz and seeing out my time on that spread of mine near Canberra. Nice little place. You've been there, haven't you?"

"Too true," I said. "We had handicut pie for supper and got really on the grog, Rupe. I finished up properly shickered. Then we played poker. You won

all the money I had, including the stuff in the bank. I was really up a pole, mate."

"I'll give it all back to you," said the great man. "If you can think of a way for me to confound my enemies once and for all. Can you?"

I started into the ink-blackness outside the airport. At last an idea came to me. "Here's what you'll do, Rupe," I said. "You'll go on a pilgrimage, but not any old walkabout. There's a Gandhian side to you, Rupe, that few people have recognised. So you'll make a pilgrimage. Lourdes would be overdoing it, but we'll think of somewhere classy. When you get there, you'll announce you're going to donate 99 per cent of your wealth to the poor. It's a dead set cert, Rupe. You'll be acclaimed as one of the greatest blokes of the century."

The mogul yelped with happiness. Then he phoned his accountants.

Metropolis

A cool heart and coronets in Italy's motor town

Nicholas Woodsworth finds that behind Turin's factories there are façades and a Germanic sensibility

Train No 555, the daily Nice-to-Turin express, was running late, groping its way across the dark table-top of the north Italian plain in a snowstorm. As we pulled into the outskirts of Turin I turned up my coat collar and snuggled back into my seat. I did not really want to get off the train. I did not really want to visit the city at all.

Who does? I was expecting to find what most visitors expect to find - a big, dirty, industrial city. In fact, most visitors to Italy pass up Turin altogether. Looking from the train window, I could not say I blamed them.

Outside I could see the dim outline of the smokestacks and manufacturing plants, the parking lots and drab housing blocks of Mirafiori, suburban home of *Fabbrica Italiana di Automobili Torino* - otherwise known as Fiat. Turin is of course famous for its Shroud, the piece of linen that, imprinted with the wounds and the facial image of a man crucified on a cross, has become one of the most celebrated symbols of Christianity. But the Shroud lies hidden away in the royal chapel, unseen for decades at a stretch. It is the profane rather than the sacred Turin that remains visible. Did anything lie hidden beneath the impression, I wondered, or was Turin just another Detroit, Italy's Motor City?

The minute I arrived at Porta Nuova station, I began to doubt that Turin was an Italian city at all. Everyone knows the opposite ends of the country are quite different. But Turin seemed to be playing the Nordic card with all its frigid heart - Mediterranean Italy might never have existed.

An icy wind was blowing up the Via Roma, the city's main shopping thoroughfare as I walked from the station. Traffic was slow, polite, and cautious. Shop windows were full of gloves and winter woollies. The crowds were well-behaved and undemonstrative, intent only on hurrying home from closing shops and offices. Their clothing, showing little hint of Italian elegance, was dark and sober. The streets were well-kept, and laid out in regular rectilinear fashion. The buildings were heavy and imposing.

I was taken aback. What had happened, I wondered, to the weaving motor scooters, the brassy voices, the narcissism and self-conscious showiness of Italian life? Where was the hyperbole, the grand gesture, the unrestrained gusto for even the smallest of daily pleasures? Where, I asked, was the passion? This was not a big, dirty, industrial Italian city at all. It was something far more inexpressible - it was a reserved and well-ordered Italian city.

I was up the next morning with the earliest street trams. No sooner had I looked along the expanse of the Corso Vittorio Emanuele II than I was presented with one explanation for Turin's Nordic character. Rearing steeply from the plain no distance from the city stood a wall of rock and snow - the Alps. The province of which Turin is capital, Piedmont - literally "foot of the mountain" - is precisely named. Of the balmy influence of the Mediterranean there was not a whiff.

It is largely because of Turin's temperate climate that I was



able to walk all day through miles of pavement porticoes - broad arcades supported by columns of marble or polished stone 20 ft high.

By the time I arrived in the Piazza San Carlo in the middle of the city I had a crick in my neck from gazing at the elegant embellishment on the capitals of hundreds of columns. Right away, these great porticoes lend a formality and grandeur of scale to Turin which is absent in the more slapdash cities to the south.

The piazza only strengthened the impression. Locals like to call it "the drawing room of Turin" for its elegance and harmonious proportions. And elegant it is, with sober, neo-classical façades, its grandiose size, and victorious bronze horseman galloping eternally on the plinth in the middle of the square.

Nonetheless, something was out of kilter as I wandered among the porticoes past one great statue, piazza and palace after another: the Palazzo Madama, a

grim medieval castle with an elaborate baroque facade; the Via Po, a straight-as-an-arrow ceremonial avenue leading down to the River Po; the imposing royal armoury and library; the magisterial royal palace itself, surrounded by French gardens and fountains.

Here, I thought, was a regal city, a formal, monumental 19th century capital whose every brick spoke of power and self-esteem. Yet something had gone amiss. Turin's obviously sumptu-

ous past seemed entirely out of keeping with the city's present status as a provincial industrial centre - a city of consequence, no doubt, but even in industry overshadowed by its stylish, wealthy sister to the east, Milan.

My questions all found an answer in the vast, red-brick Palazzo Carignano, today Italy's National Museum of the Risorgimento. Why exactly I found myself the sole visitor to these gloomy halls that afternoon I am not sure. Perhaps it is because

the Risorgimento, or "renewal" - that long process of ferment leading in the late 19th century to the founding of a united Italy - is a terribly muddled and complicated period of Italian history. Or perhaps it is because the main activity of the Risorgimento - hot talk by ardent politicians - left little behind but dull bronze busts, dark oil paintings and faded flags.

But this much was clear: for centuries Turin occupied a central position on the Italian political stage. Its rulers, the House of Savoy, arrived in Piedmont from the far side of the Alps in the 1200s. They brought French and continental influences, controlled Italian trade with France, Austria and the Holy Roman Empire and, backed by foreign powers, extended their influence through much of the Italian peninsula.

The Piedmontese were, in short, international movers and shakers and Turin, their capital city, reflected a taste that was as much northern European as Latin. At the same time, it was only Piedmontese rulers like King Vittorio Emanuele II - born in the Palazzo Carignano - and Camillo Cavour, leader of the first united Italian parliament in 1861 in the same building, who had the necessary drive and power to bring about unification.

So when, just three years after Turin had been declared the capital of Italy, parliament was moved first to Florence and then Rome, it was an awful come-down. Perhaps the Turinese shun the Museum of the Risorgimento today because they are still suffering from the blow to self-esteem that came with the loss of political pre-eminence.

Turin is by no means all hurt pride and resentment. Six hundred years in the driving seat is long enough to develop a sense of self-confidence. Back on the Piazza San Carlo, surrounded by silk brocade walls, gilt-framed mirrors and marble floors, I relaxed in 19th century splendour at the Caffè de Torino, meeting place of today's affluent Turinese.

Over a tiny espresso, the proprietor, Eligio Savant-Levet, agreed with me about Turin's special nature. Much had changed, he said, when Fiat's factories began drawing thousands of workers from the distant boot of Italy. But the Turinese remain sober, introverted and level-headed, he insisted, they are more like Germans or Swiss than their own countrymen.

"We are simply the most Europeanised city of Italy," Savant-Levet concurred proudly, as if the rest of Italy was not really part of Europe at all. And perhaps for the Turinese, despite the Shroud that has bound the Italian body politic together since unification, it still is not quite yet.

Arcadia

Where the whites are still 'baas'

J.D.F. Jones visits Philippolis, a dorp in central South Africa where apartheid still clings to life

Philippolis is a "dorp" - that splendid Afrikaans word for an obscure small town - in the very centre of South Africa, a few miles north of the Orange River.

There were few districts where "apartheid" was more deeply established and enforced, and four years ago, the Afrikaners of Philippolis were traumatised by the prospect of majority black rule, national and local.

This dorp is a charming cluster of dusty streets on the edge of the Karoo, a great expanse of semi-desert between the Free State and the Cape peninsula. It was where a famous missionary, famous, at least, in these parts, called John Philip (hence the name) settled the Griqua half-castes as a northern buffer community, and where Kitchener's troops made havoc during the Boer war.

It is still almost entirely Afri-

kaners, with all the traditions of Afrikaner farming society: today a white is still addressed as "baas", a black will not always

met the truck, the congregation at the Dutch Reformed Church, which towers over the town, is still entirely white and the black township across the stream is still called by that old-fashioned and incorrect term, "the Location".

Sexually, segregation is complete. The farmers unconsciously talk of "our" blacks and emphasise how excellently they get on with their workers on the giant sheep farms which form the basis of the district's economy. Pater-

nalism is still the name of the game. It's true that Philippolis has always been a quiet, peaceful, perhaps, happy place. Today, safely by-passed by the main

matic contrast with the chaotic and dangerous conditions in South Africa's bigger cities. There is no theft in Philippolis, no vandalism, no drugs, no violence. People are beginning to move back because here they need not lock windows or close doors, let alone install "shoot-on-sight" alarm systems as they do in the cities.

Some have arrived from large towns. Doreen Atkinson, for example, an activist, with her young family, Niel Lubbe, a successful farmer and no radical, came "home" from Gauteng after a couple of violent robberies. They and others appreciate the tranquillity - and so does the local African National Congress

So, has nothing changed since Nelson Mandela became president? Dominee Bertie Haasbroek, the Dutch Reformed Church minister, insists attitudes are shifting, but very slowly. The rare presence of blacks in his church still causes a stir, but he argues that the whites, who in 1994 washed their hands of their responsibilities for the town and withdrew into themselves, are gradually relenting.

More significantly, the end of apartheid has meant that blacks are buying houses in the main streets. When this began there were gasps of white horror, but everyone relaxed and a new sort of neighbourliness began to develop. An overheard conversa-

buyer, in Afrikaans: "Yes, my dear, I'm afraid they're English. But it could have been worse, they could have been black..."

Still more dramatic, the local council is now black. This seems to have made little difference, especially on the farms. Municipal services may be creaking, and the quality of councillors mixed, but what's new? As for the corruption which the pessimists expected, nothing serious seems to have happened (though there was a mighty row last year about waste from an abattoir): the cynics point out that corruption was always a feature of white rule, with the difference that the last regime had more experience of how to keep it under wraps.

education, and in this Philippolis is, for once, typical of South Africa. With the end of segregation in local schools, the whites removed their children en masse and sent them off to Bloemfontein as private weekly boarders. The "white" high school is now black, where a group of white teachers has stayed on and determined, so far successfully, to maintain standards.

It is the Coloureds who are insisting on keeping their own "Coloured" school more or less segregated. The exile of the white children is clearly bad in many ways (not just for the families, but also for local businesses because parents are tempted to shop in Bloemfontein on their

miles each way). The dorp's leaders are searching for a solution, but multicultural education will not come to Philippolis for many years, and that will perpetuate one of the deeper problems. "This is still a seriously racist society," says Doreen Atkinson.

She is right, and she knows it will take donkey's years to change that. But it's hard to escape the feeling that Philippolis is a happier place in which to bring up a family, or to retire, than Johannesburg. But the Afrikaners should remember the wise words of Prince in *Lampedusa's* great novel *The Leopard*, as he waited for Garibaldi's revolutionaries to descend on feudal Sicily: "If we want things to stay as they are, things will have to change..."

J.D.F. Jones is writing the authorised biography of Laurens van der Post, who was born in Philippolis in 1906.

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